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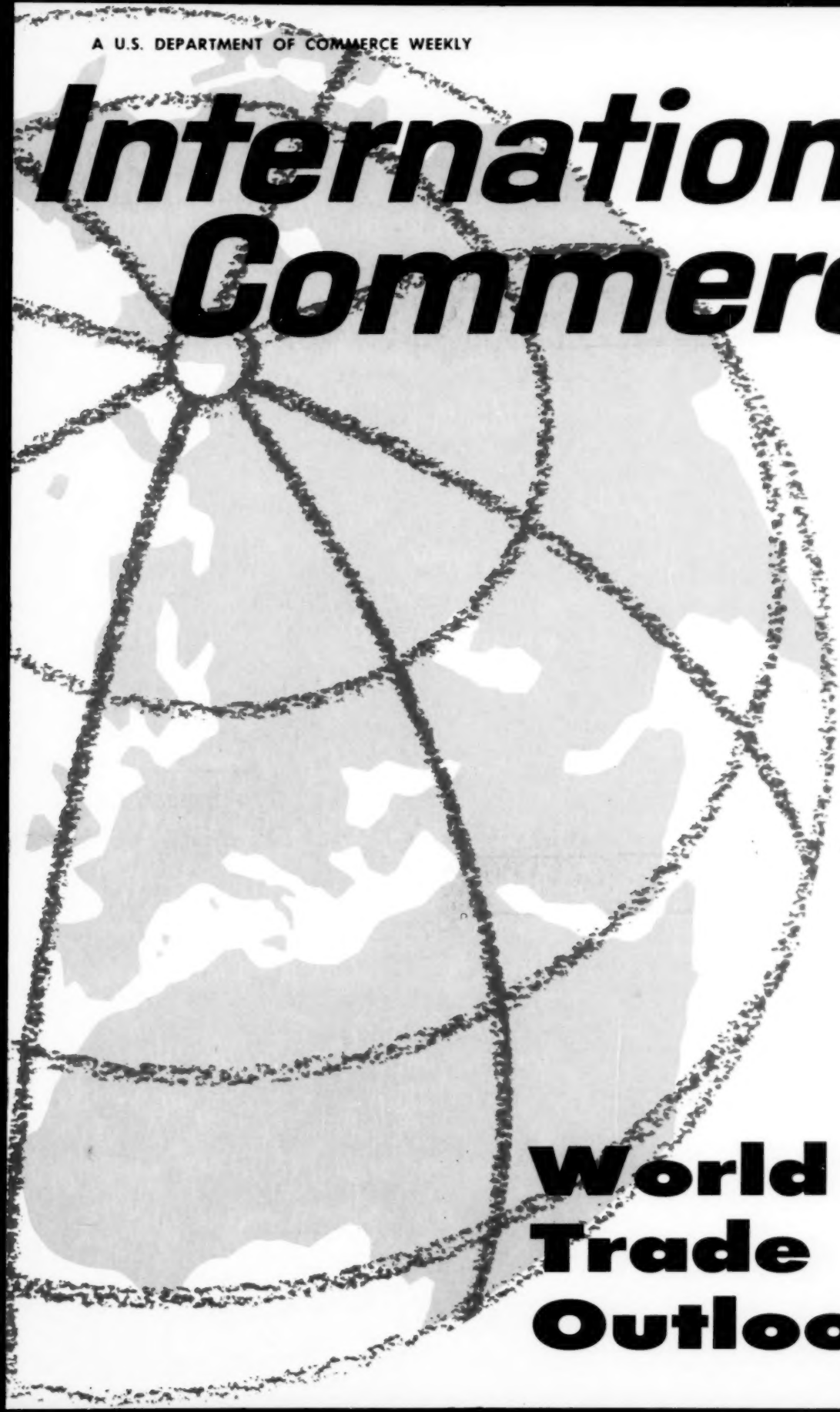

World Trade Outlook

International Trade Winds Newsletter

Company News

PETROLEUM—Standard Oil of Indiana's Amoco Italia has opened a new refinery at Cremona in northern Italy with a capacity of processing 100,000 barrels of crude oil per day. The crude is supplied by pipeline from the port of Genoa. The refinery reportedly covers 8 million square feet and produces liquid gas, naphtha, gasoline, kerosene, jet fuel and other petroleum products. Amoco expects to have 1,100 service stations in operation in Italy by the end of 1968.

COMMUNICATIONS—RCA Global Communications, New York, a subsidiary of Radio Corporation of America, is expanding its channel facilities linking the United States and Japan. The number of RCA communications channels across the Pacific is being more than doubled to handle the rapidly rising exchange of telex traffic, privately leased channels, telegrams, fascimile, and data between the two countries. This increase in channel capacity is made possible by the use of expanded satellite and cable facilities and advanced communications technology, including a recently inaugurated RECTIPLEX system, a new multi-channel telegraph system developed by Kokusai Denshin Denwa Co., RCA's Japan correspondent.

CORN PROCESSING—Corn Products Co., Englewood Cliffs, N.J., has announced acquisition of Turkey's largest corn processing operation, Yarimca Starch and Glucose Corp. The Turkish firm will become part of Corn Products Europe, a subsidiary of Corn Products Co., which handles manufacturing and sales operations for the company in 15 European, Middle Eastern, and African nations. Plans call for early expansion of production of both industrial and consumer starches, glucose syrups, and refined oil and feed products.

Let's have a second show soon. So said all the exhibitors at the Frankfurt U.S. Trade Center Transducers show, first of its kind in Europe. They recommended a repeat exhibition in the next 12 to 18 months. They estimate sales of $1,107,750 in the coming year, concluded one agency agreement, have 15 more under consideration, and drew 80-120 specialists to each of their symposium sessions. "Better exposure than such fairs as Hanover or Interkama," was their verdict.

A good house for Westinghouse. That was the story recently in Beirut, Lebanon, at the U.S. Sample Display Center. About 350 persons, including government officials, department store managers, business and hotel school students and consumer representatives came to Westinghouse Electric International's presentation of household appliances. Westinghouse now looks for a substantial increase in sales in Lebanon in the coming year.

Well-established names, new products. DuPont's Instrument Products division used the Stockholm U.S. Trade Center last month to introduce four of its instruments to Sweden. The between-shows use of the Center followed a similar single company exhibit there by Ingersoll-Rand, which showed construction and mining equipment. All U.S. firms, oldline or new, large or small, are able to make similar use of the overseas U.S. Trade Centers.

Meanwhile in Tokyo, two companies put their home city of Norwalk, Conn., more solidly on the Japanese trading map. Perkin-Elmer and Ivan Sorvall held their second between-shows exhibition at the Center. Their combined show-seminar resulted in off-floor sales of $115,000 and a 12-month estimate of $1,500,000, or about a 20% increase in Japanese sales, due to the number of specialized visitors they were able to reach.

Also in Tokyo, a between-shows seminar was arranged by the local agent for National Semiconductor Corp., Santa Clara, Calif. Of 348 persons invited to hear E. Floyd Kvamme discuss the application on integrated circuitry in the electronics industry, 171 came. A million dollars of new business in the next year is predicted by National Semiconductor as a result.

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in this issue

It's time again for INTERNATIONAL COMMERCE to summarize commercial-economic conditions in the world's markets for U.S. products, nation by nation and area by area. This semi-annual World Trade Outlook issue presents the work of the country analysts of the Office of International Regional Economics in Commerce Department's Bureau of International Commerce. The previous Outlook roundup was published in the Jan. 15 issue.

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Special Report

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Trade peak, lower export surplus seen this year

Exports expected to increase during second half; leveling trend in imports forecast

A step-up in U.S. exports is expected to accompany a leveling trend in imports in the second half of the year.

The import surge under way since last fall should slacken markedly later in the year in response to a slowing of the economy and the absence of strike-hedge buying of copper. Arrivals of steel products, moreover, are likely to flatten unless a prolonged strike develops in the industry.

For the year as a whole, however, imports will show a much more substantial advance than last year's 5% increase, though the extraordinary rise of 20% recorded in 1966 is not likely to be repeated.

Stimulated by the vigorous pace of business activity, rising incomes, and strike-related purchases of copper and steel, U.S. imports increased to a seasonally-adjusted annual rate of $31.7 billion in Jan.-May. This was 18% above the 1967 total.

At the rate of $32.7 billion in the first five months, U.S. exports exceeded last year's level by 5½%, roughly the same gain registered in 1967.

Rising economic activity in some of our key markets, especially Western Europe, and the stimulus of the recent Kennedy Round tariff cuts should cause shipments to show larger gains in the second half. The rate of increase in exports during 1968 would thus exceed the pace set last year when a substantial drop in agricultural shipments restrained the expansion. In the current year, farm exports are expected to maintain the 1967 rate.

Boost from EEC

As a result of the much faster growth in imports than exports, the U.S. merchandise trade surplus this year will be well below the $4.1 billion total in 1967. The final 1968 surplus, however, is expected to be considerably larger than the seasonally adjusted annual rate of $1 billion recorded through May.

U.S. exports should benefit from the high level of business activity in the EEC during the remainder of the year. Output of the Six picked up strongly in late 1967 and continued to advance rapidly in the first quarter. To achieve the accelerated real growth rate of 5% anticipated in official forecasts for 1968, however, a further pickup in internal demand will be required to offset the expected weakening in EEC sales to this country and the United Kingdom in the months ahead.

Recent French economic and trade restrictions resulting from domestic disturbances will have some adverse effects on Community prospects.

In the second half of the year, U.S. exports should receive a boost from the implementation of the first two Kennedy Round tariff cuts put into effect by the EEC, the United Kingdom, Japan, and the Scandinavian countries on July 1. To the extent that foreign buyers deferred purchases here in the last few months to take advantage of lower tariffs after June, exports will be stimulated in the second half.

Part of the expected gain to U.S. exporters arising from the Kennedy Round tariff cuts, however, was negated by the simultaneous removal of all remaining tariff barriers among the Six.

Non-farm goods to climb

Although shipments of non-agricultural products will not expand as rapidly as in 1967 when a 9% gain was recorded, they will again account for the entire increase in total U.S. exports. In the second half of the year, these shipments are likely to accelerate from the 7% rate of advance in the first five months.

Agricultural exports in 1968 will probably remain near last year's level, as no turnaround is anticipated in the months ahead. So far this year, farm shipments have been running slightly below the comparable 1967 period.

About three-fourths of the advance in non-agricultural exports in the first five months stemmed from accelerated shipments of aircraft, motor vehicles, and related parts. Also adding to the export increase were stronger gains in deliveries of chemicals, logs, and copper ores and scrap.

Deliveries of aircraft and parts climbed sharply this year by 61% above Jan.-May 1967 levels. Greater shipments of large jetcraft, both passenger and combination cargo/passenger were made to virtually all major areas of the world. The stepped-up export pace reflected the continued heavy investment programs of airlines in new generations of planes, both to satisfy greater demand for air transportation and to maintain their competitive position. Unless production is disrupted by a strike later in the year, the outlook is for continued large gains in aircraft sales, so that these products will again provide a significant part of the year's overall advance in U.S. exports.

Shipments of automotive products to Canada increased sharply through May as companies continued to rationalize production. Further growth is in store for the rest of the year.

World trade outlook

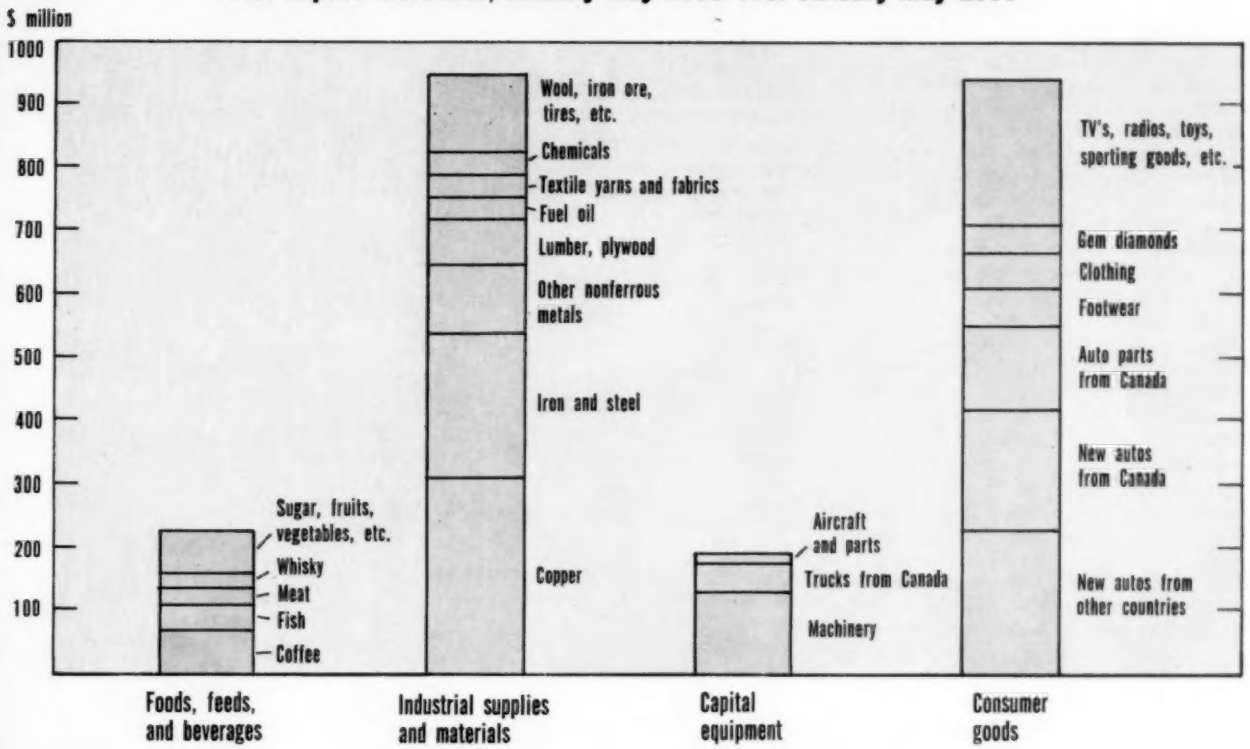
Current economic conditions and the outlook for U.S. trade in the majority of countries with which U.S. firms do business are summarized on pages 7-66.

The reports, written by country desk officers in the Office of International Regional Economics of the Bureau of International Commerce (BIC), are based on up-to-the-minute repoorts from U.S. Foreign Service posts, international economic organizations, and other sources.

Data on U.S. trade with selected countries not covered in separate articles are presented in a table following the final country report.

Expanded purchases of foreign industrial supplies and consumer goods lead boom in U.S. imports

U.S. import increases, January-May 1968 over January-May 1967



The economic slowdown in key U.S. industrial markets in 1967, accompanied by substantial investment cutbacks in capital outlays, was primarily responsible for the sluggish pace of machinery exports in the first five months. Additional factors were increased competition from foreign producers with considerable excess capacity, a long strike against a major construction equipment manufacturer, and a further deceleration of investment abroad by U.S. subsidiaries. As a result, machinery exports slackened to an advance of 2%, far smaller than the rate of gain last year.

With improved economic performance under way in a number of foreign countries, U.S. machinery shipments should advance at a faster rate in the second half. Increases are expected in exports of air conditioning and refrigerating equipment, certain types of machine tools, pumps, and electronic equipment.

Exports of chemicals increased at more than double their 1967 rate in the first five months. Shipments were significantly greater in both organic and inorganic chemicals, manufactured fertilizers, and plastic materials. Continued advances in these exports are expected in the last half, though the 12% rate of gain recorded in Jan.-May might not be maintained.

Shipments of iron and steel-mill products fell substantially, reflecting the tightness of the domestic market and sharply lower level of AID deliveries to Pakistan. For the full year, these exports will be lower than in 1967 since no sizable upturn is anticipated in coming months.

Copper exports will decline again this year as a result of the long, industry-wide strike which greatly curtailed quantities available for sale abroad. Although the strike was settled in April, exports are not expected to reach their normal level until the final quarter.

Exports of iron and steel scrap through May were 26% below 1967 levels and no improvement is foreseen in the remainder of the year. Demand for scrap in Japan, our major customer, has declined, partly as a result of a general economic slowdown there and partly because of continued conversion to the oxygen type furnaces which use more pig iron than scrap.

Continuing high demand in Japan is expected to boost our shipments of logs to another strong gain in 1968. Through May, these exports rose by 52% over the same period last year. Recently imposed restrictions on log exports from government-owned lands should not dampen sales immediately since current contracts are not affected.

Farm sales level off

U.S. exports of agricultural products are not expected to show any significant change from the 1967 total. Gains in wheat, corn, and rice shipments will likely be offset by declines in soybeans, cotton, and tobacco.

Although wheat loadings through May were running 19% ahead of the comparable period of 1967, the outlook is

for a more moderate pace in the second half, largely because of greater world supplies. Most of the recent strong advance was due to a recovery in P.L.-480 shipments to India, where a bumper domestic crop will reduce requirements later in the year.

Exports of corn will advance because of rising demand for feedgrains in Western Europe and Japan. The increase will be limited, however, due to lower world prices and increased availability of corn in other exporting countries.

Large sales to the Republic of Korea have been the primary factor in the 23% advance in rice exports through May. High world demand, stable prices, and continuing heavy needs in Viet-Nam assure a gain in these shipments for the year as a whole.

The quantity of soybeans shipped abroad in 1968 may be the biggest on record, but abundant supplies have caused prices to fall and the value of these exports is expected to drop somewhat below the previous twelve months.

Lower exports of tobacco and cotton are anticipated for the year. Tobacco shipments will be cut back primarily because of increased competition from countries enjoying preferential access to markets in the EEC and U.K. Although cotton exports climbed by 5% in the first five months, they are not expected to continue at this pace. U.S. availabilities for export will be low due to a small carryover and adverse weather conditions during the current growing season. World supplies, on the other hand, have increased.

U.S. exports of selected principal commodities
January-May 1968

Commodity	Value $ million	Change from Jan.-May 1967 Value $ million	Percent
Nonagricultural, total	11,175	+ 840	+ 8
Machinery[1]	3,567	+ 73	+ 2
Chemicals	1,312	+ 144	+ 12
Motor vehicles and parts to Canada	955	+ 213	+ 29
Aircraft and parts	920	+ 349	+ 61
Iron and steel-mill products	208	— 46	— 18
Copper (metal, ores, and scrap)	141	+ 3	+ 2
Logs and other rough wood	120	+ 41	+ 52
Aluminum	75	— 20	— 21
Iron and steel scrap	75	— 27	— 26
Agricultural, total	2,693	— 6	— ([2])
Wheat	480	+ 78	+ 19
Corn	309	+ 29	+ 10
Rice	182	+ 34	+ 23
Fats and oils	110	— 38	— 26
Grain sorghums	83	— 63	— 43

[1] Excluding ball bearings and auto engines and parts to Canada.
[2] Less than 0.5%.
Note: Export data are based on the Schedule B classification system.

Most areas buy more

In contrast to last year when the developed countries accounted for most of the gain in U.S. exports, good gains are also in prospect for shipments to the developing nations in 1968. The trend in the first five months supports this outlook. Exports to industrial countries were running 7% higher than the 1967 total while a 5% rise was recorded in shipments to the developing areas.

U.S. exports to Canada should again show a substantial increase, probably in the neighborhood of last year's 8% advance. Factors which tend to restrain Canadian demand this year include the imposition of a surcharge on personal and corporate income taxes, an expected drop in private capital outlays, and the uncertain outlook for their wheat exports. On the other hand, the Canadian economy is benefiting from the rapid pace of business activity in this country.

If demand in the EEC and other countries on the Continent continues to strengthen, U.S. exports to that area should increase at a faster rate in the second half of the year than in the early months. The realization of the targeted real growth rate of 5% in Germany will go a long way toward a better economic performance in Europe this year as the Federal Republic is a major export market for the other EEC members as well as for several non-member countries.

In the United Kingdom, output climbed sharply late last year and in the first quarter of 1968, but the recovery was based on a boom in consumer spending and exports, both of which are expected to slow in the final half. Although the anticipated revival in business investment portends well for future U.S. sales of capital equipment in Britain, the 13% rise in exports recorded in 1967 will not be repeated.

Exports to Japan up

U.S. exports to Japan will again show a large increase—shipments through May were running 11% ahead of last year. This rate of advance should slacken soon as the government's tight money policies have begun to restrain growth of the economy.

The completion of several large development projects in Australia, which stimulated an increase of more than one-third in U.S. exports to that country in 1967, will moderate import demand there this year. In New Zealand, the depressed state of the economy is expected to hold down U.S. sales. Rigid anti-inflationary measures in South Africa resulted in a 4% drop in U.S. exports in the first five months. Some improvement is foreseen in that market during the months ahead.

Developing countries

The faster pace so far this year in U.S. exports to the developing countries indicates that the 1967 increase of 2% will be exceeded. Greater exchange earnings by these nations from expanded sales to the United States and Western Europe work to improve U.S. export prospects, particularly in a number of key markets. The reserve position of developing countries is generally favorable, although heavy debt servicing expenditures continue to limit the amount of foreign exchange available for overseas purchases.

Demand for U.S. goods in the American Republics is expected to be buoyant in 1968, notably in Brazil, Colombia, and Mexico.

In the Far East, continued economic growth, industrial diversification, and high levels of development spending will stimulate our exports. The outlook for increased shipments to Indonesia and Korea is especially favorable.

Generally more stable political and economic conditions in various parts of developing Africa should contribute to improved U.S. exports to that area.

The strong expansionary trend which characterized U.S. imports in the final 1967 quarter and in the early months of

this year is not expected to continue. Some slackening has already been noted in this past quarter. A leveling is probable in the second half of the year if present forecasts for a gradually weakening economic performance are correct.

Special factors which stimulated imports in the first half will be absent later in the year; the copper strike was settled in April and the expiration date for labor contracts in the steel industry is approaching.

Deceleration is projected in the second half of 1968 in nearly all the components of the gross national product which have a determining influence on imports. Personal consumption expenditures will slow as the recently enacted income tax surcharge reduces incomes. Plant and equipment expenditures will also be dampened as a result of higher corporate taxes. Unless the Vietnam conflict flares up significantly in the months ahead, government spending will provide less stimulus to the economy than in the first half.

Materials buying to ease

Two-fifths of the advance in U.S. imports over Jan.-May 1967 consisted of greater purchases of industrial supplies. Although the 19% rate of increase in these arrivals will not be maintained during the rest of the year, in view of the expected slowdown in industrial production and cutback in strike-induced buying, a sizeable expansion will be recorded for the year as a whole.

The lack of adequate domestic supplies due to the long strike in the copper industry has caused a large, $310 million, increase in arrivals of copper so far this year. Particularly expansive were imports of refined metal while those of unrefined copper dropped sharply. Following the strike settlement in April, arrivals of refined metal, the largest category of copper imports, began to taper off while purchases of blister and other unrefined copper increased. For the whole twelve months, imports of copper will show a very substantial gain due to exceptionally rapid increases in the early part of the year.

Strongly stimulated by large-scale buying in anticipation of a strike, imports of iron and steel-mill products climbed 47% above their value a year ago. For the remaining months, a substantial drop is foreseen in these purchases because of the high level of inventories and reduced demand.

A sizeable increase is set for fuel oil imports this year, though some deceleration may occur in the second half. Through May, these purchases were 10% higher than in the comparable period last year, reflecting greater demand here and the partial carryover of unused 1967 quotas. Crude oil purchases declined in the first five months but an upturn may be experienced in the period ahead.

Imports of iron ore rose strongly this year as the high rate of steel production increased requirements. With steel output dropping in the second half, arrivals of iron ore are expected to slow.

Aluminum imports increased strongly in the first five months, largely in response to a strike threat in the industry, but also because of increased consumption. With the settlement reached, these receipts will level off but the twelve-month value will exceed last year's.

Increased construction activity boosted purchases of foreign lumber and plywood by 32%. The future performance of these imports depends, to a large extent, on the housing market, but an increase for the year is assured.

Capital equipment imports rose 17% above the total recorded a year ago, with machinery providing about two-thirds of the overall advance. In the remainder of the year, the slackening of U.S. demand and the projected slowing in capital outlays may restrain these imports but a large rise is certain for the full year 1968. Imports of capital equipment will be bolstered by turboprop planes from Japan and executive jets from France.

Machinery imports increase

The continued rapid advance in machinery imports during the last year and a half—despite the easing of demand pressure on domestic manufacturing capacity—indicates that foreign equipment is finding growing acceptance here on the basis of price and quality. Speed of delivery from abroad has also kept imports high in some machinery lines.

Another strong rise in imports of con-

U.S. imports of selected principal commodities
January-May 1968

Commodity	Value $ million	Change from Jan.-May 1967 Percent
Foods and beverages, total	2,085	+ 12
Coffee	497	+ 16
Fruits, nuts, and vegetables	298	+ 15
Meat and preparations	270	+ 12
Fish	241	+ 19
Sugar	232	+ 11
Whisky	145	+ 20
Industrial supplies, total	5,906	+ 19
Iron and steel-mill products	730	+ 47
Copper (metal, ores, and scrap)	583	+ 112
Other non-ferrous metals	430	+ 26
Fuel oil	410	+ 10
Textile yarns and fabrics	352	+ 11
Industrial and agricultural chemicals	298	+ 13
Lumber and plywood	272	+ 32
Textile fibers	159	+ 18
Capital equipment, total	1,327	+ 17
Machinery	1,088	+ 13
Trucks, buses, and chassis from Canada	150	+ 44
Civilian aircraft and parts	76	+ 31
Consumer goods, total	3,456	+ 37
New autos from Canada	505	+ 59
New autos from other countries	593	+ 62
Auto parts from Canada	321	+ 76
Clothing	277	+ 25
Gem diamonds	196	+ 28
Footwear	160	+ 55
Radio and TV sets	122	+ 15
Toys and sporting goods	101	+ 32

Note: Import totals are end-use categories, adjusted to include passenger cars and parts under consumer goods and trucks under capital equipment. Commodity details follow the Schedule A or end-use classification system.

sumer goods is predicted this year. Through May these purchases were 37% greater than in the comparable 1967 period. The magnitude of the increase for 1968 as a whole will be considerably influenced by the pace of automotive arrivals in the coming months.

More autos to come

In Jan.-May, large gains were recorded in receipts of automobiles both from U.S. subsidiaries in Canada and from our overseas suppliers. Further increases are foreseen in these imports though some slowing could occur in purchases of foreign models. With registrations of cars from non-Canadian sources running well below the current rate of imports, some slackening in these imports may be necessary to limit the build-up of dealer inventories.

Arrivals of television receivers are expected to expand further. In the first five months, imports of these sets climbed 7% above their comparable 1967 value.

The strong demand in recent years for imported footwear shows no sign of weakening and another sharp advance in these purchases is anticipated in 1968. Other consumer imports expected to be significantly higher than in 1967 include sound recorders, photographic goods, and toys and games.

Imports of foods and beverages are to expand in 1968. Increases are anticipated in most major commodities.

Coffee purchases registered a strong 17% advance over the Jan.-May 1967 value, reflecting the comparatively low level of dealer stocks at the end of last year and larger deliveries under new quotas. The advance is expected to continue through the third quarter but purchases could slow thereafter. For the full year, a substantial rise is certain.

An increase is seen in sugar imports, but the expansion will not be as strong as in 1967. Continued gains in consumption and the allocation of additional quotas to foreign suppliers will be the primary factors behind the expected growth.

Both meat and fish purchases will be greater than last year. Higher U.S. prices and less vigorous demand in other major importing regions have contributed to the rise in meat arrivals so far in 1968. Imports of fish will reverse their 1967 decline largely because of improved prices and inadequate inventories.

Although imports of cocoa declined by nearly a fifth in value in the first five months, a pickup is expected later in the year. For all of 1968, this product will probably show a small increase.

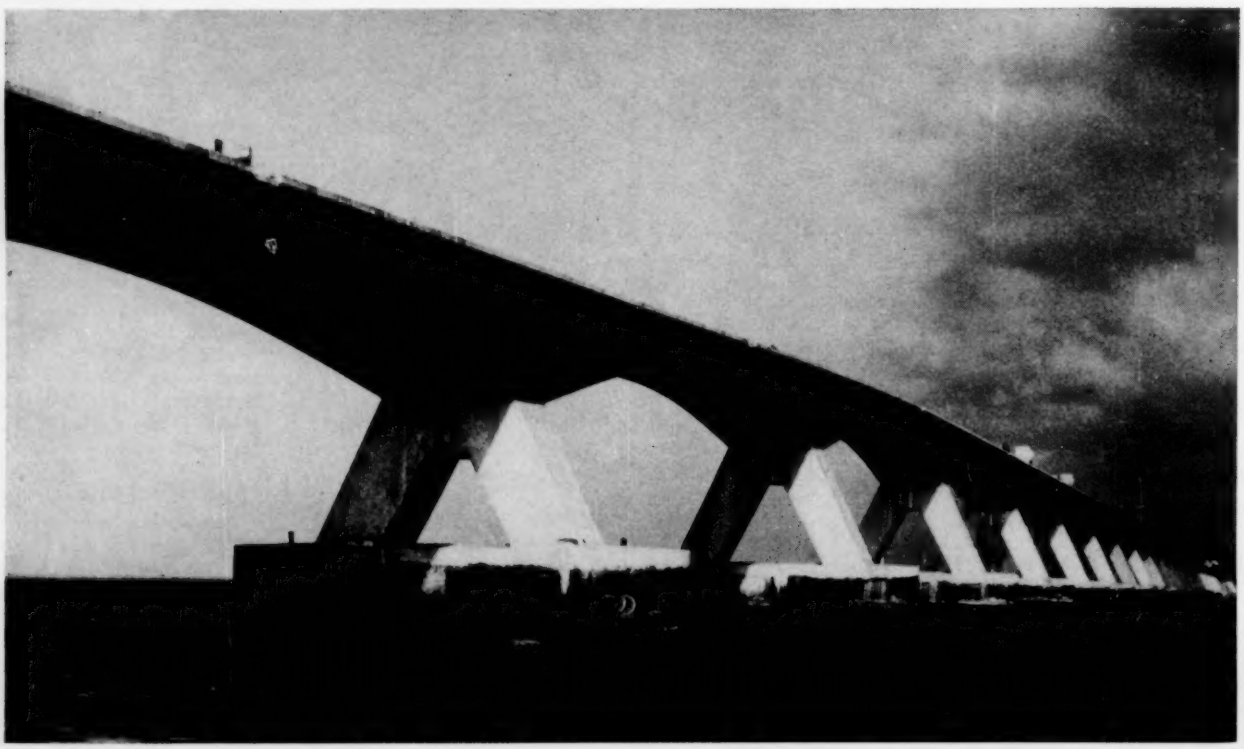
The substantial rise in U.S. imports this year will mean greater purchases from both the developed and developing countries. Last year, the U.S. import advance was concentrated in purchases from Canada and Western Europe. Reduced demand for industrial materials here had depressed arrivals from the developing areas.

Although part of the 1968 advance in our imports will be in manufactured goods from the industrial countries—automobiles from Germany, Japan, and Canada, machinery and clothing from Western Europe, and aircraft and consumer goods from Japan, to name only a few—rising purchases of industrial materials should continue to benefit the developing nations.

Increases in U.S. imports of iron ore, unrefined copper, petroleum, and consumer goods, such as clothing and toys and games, will mean greater purchases from those countries. In the first five months, U.S. imports from the developing countries advanced by 10% over the same period a year ago.

The preceding article and accompanying chart and tables were prepared by the International Trade Analysis Division of the Commerce Department's Bureau of International Commerce.

COMMON MARKET BUSINESS STEPUP should assist U.S. exports. Dutch bridge, longest in Europe, aids routes linking Netherlands, Belgium, France.



Canada

Economy operating at record levels brightens prospects for imports

By DAVID FELLMAN

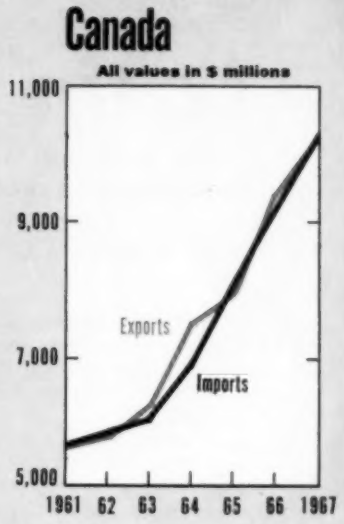
European Division, BIC

Imports 1967

Total ..... $10,250 million
From U.S. .... $7,420 million
U.S. share 72.4%

Exports 1967

Total ..... $10,279 million
To U.S. ..... $6,548 million
U.S. share 63.5%



At midyear 1968, prospects for United States sales to Canada continue to appear bright. The 12% growth in Canadian imports of U.S. goods shown during the first five months of the current year augurs well for the remainder of 1968. Such imports were valued at $3.5 billion.

Further supporting this favorable outlook is the fact that most of Canada's economy is operating at levels above those of 1967. The Canadian Minister of Finance has characterized the economy as "One which many would envy". As a result, earlier predictions of a growth in the gross national product for 1968 are still valid. The gain in current prices is expected to be between 7 and 8% compared with the 6.8% rise in 1967.

Capital investment is expected to amount to $14.6 billion during 1968—a gain of 4.1% over 1967. Spending for new construction is expected to reach $9.4 billion compared with $8.8 billion in 1967, while plans for the purchase of new machinery and equipment are moderately lower for 1968 at $5.2 billion compared with $5.3 billion in 1967.

U.S.-Canada auto trade

Conditions in the automobile industry have become more stabilized with the settlement in March and April of labor strikes against the two leading car manufacturers. Both strikes resulted in agreements for wage parity with U.S. workers by 1970.

The Second Annual Report of the President on the operation of the U.S.-Canada Automobile Products Trade Act of 1965, submitted to Congress on May 17, indicated that a tremendous expansion has taken place in the automotive trade between the two countries, from $730 million in 1964, the year before the Agreement became effective, to $3.6 billion in 1967. U.S. exports to Canada rose from $660 million in 1964 to $2 billion in 1967. At the same time, U.S. imports from Canada increased from $76 million in 1964 to $1.6 billion in 1967.

Domestic production has been buoyed by the high demand for Canadian export products, which during the first five months of 1968 amounted to $5 billion, or 17.6% above the Jan.-May 1967 total. Canada is thus well on the way to reaching the official export target of $11.4 billion set for 1968, or 11% more than in 1967. An increasing share of the shipments consists of finished manufactured articles.

As the level of exports directly influences imports, the rising trend in Canadian sales abroad has had a stimulating impact on Canadian purchases of U.S. goods.

Because of these heavy exports, Canada's current international payments position has shown considerable improvement. In 1967 the merchandise trade surplus more than doubled over 1966 and in the first five months of 1968 it widened fourfold to $368.7 million, compared to $92 million in the Jan.-May 1967 period.

The Canadian dollar and Canadian reserves have strengthened steadily. These reserves—gold and U.S. dollars—totaled $2,574 million on June 30 compared to $2,175 million on Jan. 1.

While tourist earnings in 1968 are not expected to match the dollars gained in 1967 when foreign visitors attracted by EXPO-67 spent $1.1 billion, the current year is nevertheless expected to be a good one for tourism.

The exemption of Canada from the direct investment restrictions of the U.S. balance-of-payments program will help ensure a continued inflow of U.S. dollars.

CHIEF CANADIAN IMPORTS FROM U.S.: automobiles and parts; industrial, farm and other machinery; electronic computers, scientific and communications equipment; aircraft and parts; coal, fuel oil, gasoline, fruits, vegetables, corn, soya beans, raw cotton, iron ore, aluminum, synthetic rubber, chemicals, and printed matter. **CHIEF CANADIAN EXPORTS TO U.S.:** automobiles and parts, newsprint and wood pulp, crude petroleum and natural gas, iron ore, aluminum, nickel, chemicals, frozen fish, aircraft and parts, communication equipment, whisky, lumber.

Inflation is serious problem

The cloud on Canada's economic horizon is the continued inflationary trend in prices and wages. The Minister of Finance considers this to be the most serious problem facing the Canadian economy. The consumer price index stood at 154.2 at the beginning of May, up 4.1 points from 12 months earlier.

To combat this trend, the Government has slowed the rate of growth of Government spending to 5%, below the 7 to 8% predicted increase in the GNP for 1968.

Canadian purchases of U.S. construction-type goods should increase during the latter half of 1968, as housing and other types of construction gain momentum. The settlement of the auto strikes will help maintain the already high rate of Canadian imports of U.S. automobiles and parts, while higher wages, a steadily increasing labor force, and a population which has expanded by almost 400,000 in the past 12 months, should create a favorable market for U.S. consumer goods.

The dissolution of the Canadian Parliament on Apr. 23 created certain legal complications regarding the implementation by statute of the Kennedy Round tariff concessions. Most of these, however, became provisionally effective on Jan. 1 and will continue in that status under Order-in-Council until the new Parliament can act on them.

Latin trade growth slows

Bickering over concessions slows progress toward ultimate continental common market

By BARBARA K. GREEN
American Republics Division, BIC

Only minor gains in total U.S. exports to Latin America are anticipated during the remainder of 1968. Expected export increases to certain countries such as Brazil, Chile, and Colombia should be, to a certain extent, offset by shortfalls anticipated with Argentina and Peru. Total U.S. exports to the Latin American-Caribbean area during 1968 are estimated to be $4.9 billion in contrast to exports valued at $4.7 billion in 1967 and sales of $4.8 billion in 1966.

The outlook for U.S. exports with major U.S. trading partners is contained in the pages which follow. Prospects in other countries are summarized below.

Panama—Despite the recent political unrest, the economic boom continues. Imports are running at record levels, the construction industry will probably break the records made in the 1966 boom year, and government expenditures will be larger this year than in 1967. Continued political crises, however, could put a damper on the economic boom.

Ecuador—Intensified foreign competition is expected to cut into the U.S. share of this rising import market, although U.S. exports are expected to grow slightly in absolute terms.

Bolivia—A sharp decline in exports is expected to follow measures to correct a balance of payments disequilibrium including import prohibitions and higher tariffs.

Uruguay—U.S. exports to Uruguay are expected to increase in 1968 due to eased import restrictions, and increased purchases of selected commodities through recent loans from the United States.

Paraguay—High demand for commodities vital to the expansion and completion of new investment projects augurs well for U.S. exports to this country. The recent U.S. Trade Mission also served to stimulate trade with the U.S.

Haiti—Trade prospects for 1968 appear gloomy. While tourism and labor intensive industries are registering some expansion, an acute dollar exchange shortage is dampening export opportunities.

Recent events at the regional level could significantly affect the outlook for U.S. trade and investment in the Latin area. Economic integration has reached an impasse in recent months, despite some spurts of progress, particularly in the subregional groups. Full economic integration in Latin America would increase and diversify trade, as well as expand the need for imports as the process of industrialization gained momentum.

However, the integration process seems to have reached a critical point. For the first time since the inception of the Latin American Free Trade Association (LAFTA), intrazonal trade figures appear to have declined significantly. Based on provisional data, and excluding Chile (for which figures are not yet available), 1967 zonal exports decreased by about 8.5% and imports by 4% below 1966 levels.

At the Seventh LAFTA Conference held late in 1967, members were faced with the necessity of making concessions on the Common List which would cut seriously into the protection afforded important domestic producers.

Special session

Consideration of agricultural products, which constitute the main basis of traditional trade, and of petroleum may be required for completion of the second stage of the Common List. The Conference, now scheduled to resume debate on the List in a special July session, could well determine the future course of LAFTA and of Latin integration generally.

The concept of subregional economic integration was grasped in 1967 as a means of speeding industrialization of the less developed LAFTA members in order to make them more competitive with Mexico, Brazil and Argentina, and thus more amenable to the reduction of protective devices among the members.

The establishment of the Andean subregional group resulted in part from the inability of LAFTA members to agree, primarily because of fears in the Andean countries that the competition of the more industrialized members would be overwhelming.

During the first year of its existence, the six Andean group members (Bolivia, Chile, Colombia, Ecuador, Peru and Venezuela) seemed to be successful in ironing out obstacles that have stopped progress in LAFTA.

A $100 million Andean Development Corporation is now being set up in Caracas to help finance new or growing industries that could only be developed jointly. Some agreement appeared to have been reached on an automatic system of reducing internal trade barriers.

However, prospects for the group have dimmed in recent months as snags have caused continual postponement of meetings scheduled to bring about action. Problems similar to those within LAFTA have arisen as Venezuelan industrialists have pressured their government to move more slowly within the group. Colombia and Chile, however, seem determined to move ahead.

More recently, attention has been shifting to the pledge of the American Presidents in April 1967 to lay the physical foundations for Latin American economic integration through multinational projects. Many now feel that such infrastructure projects, by lessening some of the severe physical hurdles, would constitute the positive foundation needed to bring about general economic integration.

At Santa Cruz, Bolivia, recently, five South American nations (Argentina, Bolivia, Brazil, Paraguay, and Uruguay) agreed to undertake a major development program for the River Plate Basin, including a plan to provide landlocked Bolivia with access to the sea. So far, the group has concerned itself only with multinational infrastructure projects, in the belief that unanimous agreement can be more easily attained if commercial integration is not involved.

The continental common market foreseen at Punta del Este for 1985 is, of course, dependent upon progress at lower levels. A meeting of the LAFTA-CACM joint commission has been postponed until the Fall, in order to await results of the summer LAFTA meetings.

Meanwhile, efforts of the United States Government to aid American firms in establishing themselves in the Latin American market have been continuing. A recent Commerce Department-organized trade mission to Chile and Paraguay brought back more than 250 specific trade and investment opportunities in the two countries. Two trade fairs will also be held this year in Latin America, one in Brazil in October and the other in El Salvador the following month.

Argentina

Trade expected to dip, but longer range economic reform signs are encouraging

By KENNETH N. HYNES

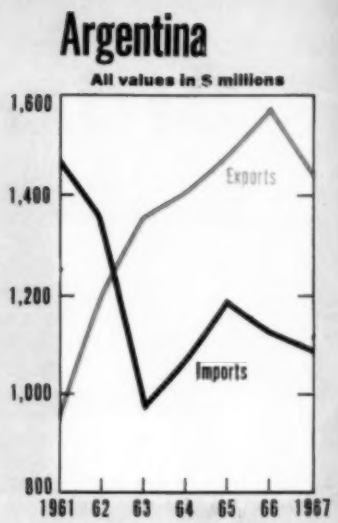
American Republics Division, BIC

Imports 1967

Total .....$1,095 million *
From U.S. .....$243 million *
U.S. share 22.2%*

Exports 1967

Total .....$1,464 million *
To U.S. .....$119 million *
U.S. share 8.1%*
*Preliminary data



Argentine foreign trade levels in 1968 are expected to fall short of 1967 results. Official data indicate a drop of 16.4% in exports and 2.6% in imports, by value, in the first quarter of 1968 as compared with 1967. Some pickup in trade during the remainder of the year is anticipated, but it appears improbable that the 1967-68 trade gap will be closed.

First-quarter export earnings were sharply reduced by the disruption in the meat trade as the result of temporary import bans, since removed in part, imposed by the United Kingdom as the aftermath of an outbreak of hoof-and-mouth disease and applied by some other European countries as a safeguard against the disease. Wheat shipments also declined substantially.

Immediate prospects for meat sales are clouded by the apparent weakening in effective European demand and by the application of added sanitation measures on U.S. imports of cooked meat, an important Argentine export item.

Relatively low world prices continue to restrict export earnings from wheat, as well as wool. The as yet indeterminate effects of a drought may seriously reduce Argentina's agricultural exports.

Reduced export earnings will have a depressive effect upon the private sector's purchases abroad. The slack may be taken up to some degree by official imports, but it should be noted that sluggishness in the Argentine industrial sector to date has depressed general import demand.

The Argentine gross national product (GNP) in 1967 increased by 2 to 2.5% over 1966. This was equivalent to less than 1% per capita. This reflects the impact of stringent stabilization measures.

Official emphasis is now focused on economic development consistent with stabilization policies which have reestablished Argentina's credit standing abroad and won the support of foreign and international credit agencies. For 1968, the GNP target growth is 5%, an ambitious and perhaps unattainable goal.

There is growing confidence in the business community which remains to be translated into action. Private industry has not reacted as rapidly as expected to the improved business climate, although there are increasing signs of significant activity such as inauguration of an important fertilizer plant, contractual investment obligations by foreign petroleum companies, and proposed expansion of the petrochemical and steel industries.

To stimulate action, the Government is launching a large public works program. Business confidence has been enhanced by the Government's fiscal policies, which now are having notable success in containing inflation. The cost-of-living index, which rose 29.2% in 1967, dipped by 3.5% in the first four months of 1968 as compared with the same period of 1967. It is expected that the cost of living will rise about 15% in 1968.

Government efforts to facilitate business credit at lower cost have crystallized in establishing new bank reserve requirements designed to help achieve this end.

Business confidence in the Government's economic program has also been buoyed by the Government's performance in the balance-of-payments field. In 1966 and 1967, Argentina achieved favorable payments balances of $30 million and $433 million, respectively.

Argentine imports totaled $1,095.5 million in 1967, down 2.6% from 1966. Exports in 1967 amounted to $1,464.5 million, 8.1% below 1966. The United States continued to be Argentina's principal supplier, providing 22.2% of all Argentine imports in 1967 (22.8% in 1966). In turn, the United States took 8.1% of all Argentine exports in 1967 (7.7% in 1966).

CHIEF ARGENTINE IMPORTS FROM U.S.: industrial and electrical machinery and apparatus; automotive equipment, accessories and parts; chemicals; aircraft, accessories and parts; iron and steel products; plastics materials; coal; medical and pharmaceutical supplies; aluminum products; communications equipment; scientific and technical equipment. CHIEF ARGENTINE EXPORTS TO U.S.: canned meats; wool; sugar; residual fuel oil; hides and skins; leather; live horses; calculating and adding machines and parts; quebracho; casein.

Principal product categories in 1967 U.S.-Argentine trade were: Southbound—machinery, transport equipment and parts, chemicals, iron and steel, metals; northbound—canned meat, wool, sugar, fuel oil, casein, and quebracho extract.

The decline in first-quarter 1968 Argentine import trade is attributable principally to a drop in iron and steel imports. U.S. Bureau of the Census data show a decline in U.S. exports to Argentina of 16% in the first four months of 1968. Allowing for a reasonable increase in shipments resulting from expanded Eximbank credit activity and accelerated direct investment activity, U.S. exports in 1968 may reach $220 million f.o.b.

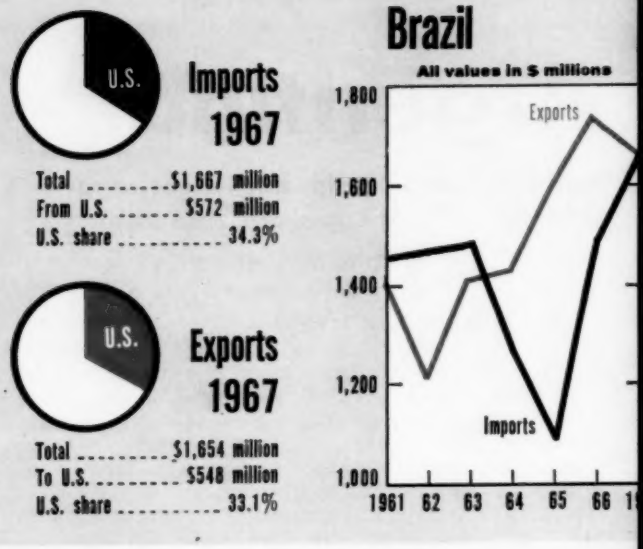
Argentine import trade has been facilitated by Government policies. In addition to the tariff reductions instituted in March 1967, the Government since has relaxed the minimum payment requirements on capital goods imports, further reduced the list of imports subject to the prior deposit requirement, and extended import tariff reductions to a wide range of machinery, equipment, and materials required in specified types of industrial operations.

Argentine market requirements offer promising sales opportunities for chemicals, machinery, electric power generating and distributing equipment, telecommunications equipment, and electronic and oil field gear. The Government's public works program will generate demands for construction machinery and equipment.

Brazil

Increasing stability of economy creates good prospects for increased U.S. trade

By RICHARD P. DRAVES
American Republics Division, BIC



In 1968 Brazilian imports may soar to a record high of $1.9 billion. First quarter imports gained 18% over the same period last year. Imports from the United States may hit $700 million.

The current high levels of economic activity, international lending, and both domestic and foreign investment, plus continuation of the Government's trade liberalization policy and improvement in its external financial position, should contribute to the highly favorable trade outlook for 1968.

Most businessmen are optimistic, although they recognize there still are unresolved problems that could undermine the forecast.

Recent developments have fortified business confidence. The traditional first quarter business decline was not as pronounced as usual.

Brisk civil construction activity is setting the pace for the economy, and shortages of cement and other materials have developed.

Last quarter 1967 business activity also was exceptionally good. The real growth in GNP is estimated to have been 5% in 1967, compared to 4.4% in 1966.

The larger increase last year was due primarily to bumper agricultural production and a sharp recovery in industrial output. These factors, as well as lively investment activity, should continue through this year. The GNP growth rate is targeted at 6% for 1968.

The rate of inflation was reduced from 41% in 1966 to 25% in 1967. A further decline is anticipated this year. The rise in the first four months was 8.4% compared to 11.9% in the similar period of 1967.

Nevertheless, the Government's use of fiscal and monetary measures to battle inflation is being balanced against the maintenance of the current high level of economic activity.

Imports this year may grow 15% to $1.9 billion. They had stagnated at around $1.4 billion for most of the past decade due to development policies which stressed economic self-sufficiency. The U.S. share in 1968 may reach $700 million, or about 37% of the market.

Imports gained 11% in 1967, to a total of $1,667 million. The U.S. share was 34.3%, a sharp drop from the exceptionally high 39.4% in 1966. This share had been due partly to very large AID-financed shipments, which fell off last year.

Maintenance and further relaxation of Brazil's liberal import policy has facilitated larger imports of modern equipment and raw materials at lower costs. Special credit facilities are available to finance new purchases in Brazil and import duty exemptions are granted on machinery and equipment used for expansion or modernization projects. U.S. ability to compete will depend on meeting terms and conditions offered by other foreign suppliers.

Best prospects

Heavy capital goods, advanced scientific-technical equipment and selected prime materials appear to offer the best prospects for U.S. exporters, while Brazilian self-sufficiency limits opportunities in other commodity areas.

Product categories with the fastest or biggest import growth from the United States over the past five years include transport equipment and parts; switchgear, power generating and electric power machinery; scientific, medical, optical instruments and photographic apparatus; also organic chemicals, coal and coke, fertilizers, sulphur, copper and aluminum.

Other world-wide imports which have experienced strong growth are printing machines, printed matter, communications apparatus, office machines, tools and utensils, and non-agricultural tractors.

CHIEF BRAZILIAN IMPORTS FROM U.S.: industrial and electrical machinery and equipment, wheat, transport equipment (locomotives, tractors, aircraft), chemicals, coal, petroleum products. CHIEF BRAZILIAN EXPORTS TO U.S.: coffee, sugar, cocoa, iron ore, castor oil, iron and steel bars, angles, sheets, manganese ore, menthol, nuts.

The Brazilian Government is attempting to expand local purchasing power, employment and investment. Stimulants to demand include higher income levels for farmers through a better agricultural price support system, an increased supply of homeowner credit to generate housing construction and related industries, and incentives to induce industries to locate in depressed and underdeveloped areas. Finance companies are being required to apply at least 50% of their resources to direct consumer credit.

Export promotion efforts are showing promise, and January-April 1968 exports exceeded those of the same period last year by 17%. Exports of manufactures have doubled in the past four years. The growth of export industries and earnings portend a continued high need and capacity to import.

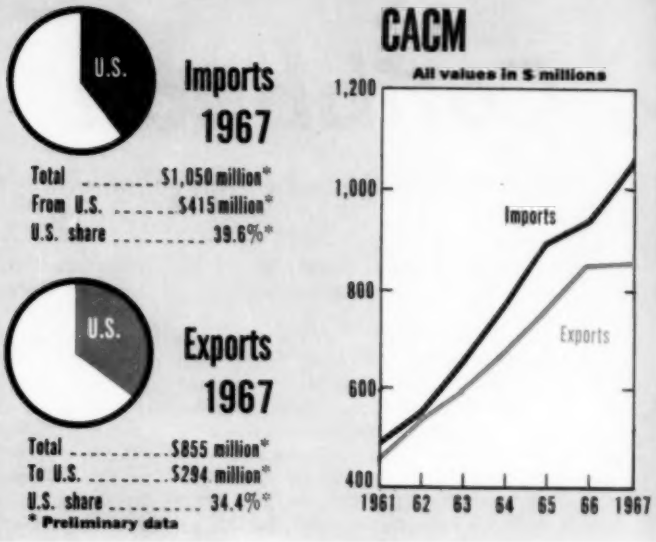
To capitalize on the growing Brazilian market, the United States will launch a solo commercial exhibit Oct. 15-25 in Sao Paulo. The show will feature machine tools, chemical and petrochemical processing equipment and instrumentation, construction and mining equipment, packaging machinery, and textile machinery and equipment.

A federal investment plan contemplates spending NCr$5½ billion ($1.7 billion) or more in each of the next three years, concentrating on transportation facilities, power, education and agriculture. Regional industrial expansion is moving into high gear also. SUDENE (the Northeast Development Agency) reports that the release of tax investment funds in 1968 will be double the rate of 1967.

Central America

U.S. exports to five CACM countries expected to hold steady through 1968

By JAMES M. VON STROEBEL
American Republics Division, BIC



U.S. exports in 1968 to the five countries of the Central American Common Market (CACM) are expected to remain at about the same level as during 1967. They may drop very slightly to Costa Rica and Guatemala, but this would be offset by slight increases to Honduras and Nicaragua.

If actual demand were the primary factor, exports would increase considerably. The basic economies of the five are quite healthy, and are continuing to expand at reasonable rates. Several of the countries, however, are facing current account imbalances in international payments and internal fiscal difficulties.

In response to these problems, the countries have tightened credit and have agreed to impose temporary trade restrictions to reduce the importation of non-essential goods. The willingness and ability of the five to cooperate in this effort is indicative of the degree of maturity which this young regional organization has been able to attain. President Johnson's recent visit demonstrated U.S. admiration and support for the CACM.

Growth continues

Although economic growth has been continuous in all five countries, growth rates have declined somewhat during 1966-67. Costa Rica's GNP (based on current prices) reached an estimated $682 million in 1967, up 8.1%, with an increase of about 8% officially projected for 1968. El Salvador reached $879 million, up 4%, with an increase of 6% predicted for 1968. Guatemala's GNP increased by about 4% to $1,428 million in 1967, with an estimated growth of 6% for 1968. Honduras increased its GNP by about 5.7% to $576 million, with about 5% predicted for 1968. The GNP for Nicaragua reached $641 million in 1967, up 4.3%, with the outlook for 1968 an increase of 4% to 5%.

In general the attitude of business in Central America is one of optimism. The recent reduction in growth rate compared with the previous several years has been accepted realistically as rather normal. Abnormally rapid expansion had been expected during the first several years of the economic integration movement.

Most businessmen are encouraged by the fact that economic expansion has continued at a comparatively high level, that intra-regional trade has continued to grow beyond expectations, and that regional cooperation has weathered and even been strengthened by a number of national and integration problems.

Total trade increasing

The value of total imports of the five countries increased in 1967 by an estimated 12.3%, to $1,050 million. Increases varied from 1.8% for El Salvador to 7.3% for Costa Rica, 12.1% for Nicaragua, 16.3% for Honduras, and 24.6% for Guatemala. The value of total exports increased only 2.3%, to an estimated $855 million, varying by country from a decrease of 12.8% for Guatemala to increases of 4.9% for Honduras, 7.8% for Nicaragua, 8.8% for Costa Rica, and 9.5% for El Salvador.

Imports from the U.S. increased from $385 million in 1966 to an estimated $417 million in 1967, but decreased slightly in share of the market to about 39.7% of total imports or about 50% of global imports excluding intra-regional trade.

Intra-regional imports increased from 18.5% of total imports to about 20.8%.

CHIEF CENTRAL AMERICAN IMPORTS FROM U.S.: machinery, automobiles and parts, chemicals, paper and paperboard, fertilizers, insecticides, medicinals and pharmaceuticals, wheat. CHIEF CENTRAL AMERICAN EXPORTS TO U.S.: coffee, bananas, sugar, beef, shrimp.

It is this continuing increase in intra-regional trade which is the primary reason for the decrease in U.S. share of the market, but growing competition from third country suppliers, such as Germany and Japan, also is affecting U.S. sales.

New trade restrictions

Continuing tight credit conditions in the area can be expected to have some impact on trade, but direct controls or restrictions can be expected to be equally important. In June 1968, in view of the fiscal and payments difficulties facing them, the five countries signed a protocol which will place a temporary 30% surcharge on import duties for many goods. Pending ratification and implementation of this agreement by the various governments, some interim restrictions can be expected, to discourage the importation of non-essentials.

Large public and private investments in infrastructure projects such as hydroelectric installations, roads, and port improvements, agricultural development projects, and industrial expansion will require a considerable import volume.

In spite of possible restrictions, therefore, the outlook remains fair to excellent for U.S. exporters of a large range of goods, especially: industrial machinery and equipment; food processing and packaging equipment; construction machinery and materials; forestry equipment; agricultural, poultry, livestock, and dairy equipment; fertilizers; raw materials; chemicals, components, and the like.

The Third El Salvador International Fair is being held in San Salvador, Nov. 9-30. With the cooperation of the Department of Commerce, a large number of U.S. firms will display their products, as will firms of some 20 other nations.

Caribbean

Imports from U.S. slow with devaluation; Free Trade Area established on schedule

By FREDERIC G. KAYSER
American Republics Division, BIC

Devaluation of all currencies in the English-speaking Caribbean (except the Bahamas) on a par with the pound sterling last November is slowing to some degree the growth of imports from the United States, which has averaged over 13% annually in the last six years. Purchases of U.S. products by the entire Caribbean area (except Haiti, the Dominican Republic and U.S. territories) will probably not reach the 1967 level of $591 million.

The curtailment of expenditures abroad by U.S. tourists from $100 to $10 per person, presently under consideration, would also be reflected in the amount of American exports many countries, particularly the Bahamas and the Eastern Caribbean islands, could afford to buy.

The expanded Caribbean Free Trade Area (CARIFTA) emerged on schedule May 1 as an official entity ratified by Antigua, Barbados, Guyana and Trinidad, with Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent indicating their intention to ratify July 1. Guyana and Trinidad have already taken some legislative steps to implement changes in their tariffs toward fellow members. This will not immediately affect U.S. businesses unless they are now operating as local national companies in the area.

Bridgetown, Barbados has been chosen as the site for the Caribbean Development Bank, which probably will not be functional until late this year or early 1969. Following Jamaica's decision not to join, several problems remain to be solved, chief among them the reapportionment of capital subscriptions.

The Bahamas

The import purchasing pattern for the Bahamas should remain much the same in 1968 as in 1967. Food, live animals, and manufactured consumer goods are the U.S. products most in demand, with strong showings for transport equipment and non-electrical and electrical machinery. Interest is also growing in furniture, clothing, lamps and plumbing fixtures.

As with most developing nations, the Bahamas is pursuing the expansion and improvement of its infrastructure. The government is also continuing to push social programs with emphasis on schools, hospital construction, water supply systems and a new college. The economy is progressing well and will not face the problem of possible inflation due to devaluation; the Bahama dollar retained parity with the United States dollar at B$1.00 = U.S.$.98.

The big question is the possible cut in the amount of expenditure allowed American tourists abroad which, if imposed, would sharply reduce the country's foreign exchange earnings and hence its effective demand for United States exports.

Jamaica

Despite some pause during 1967 in its surprising growth rate since 1962, Jamaica's GNP increased by over 4%, as opposed to 8.5% in 1966. Last year saw a static condition in tourism, slight growth in mining, a decline in agriculture and the dampening effect of devaluation.

Alumina production should get a boost in 1968, as should the construction industry, since heavy new investment is underway for several new alumina plants and extensive new hotel and resort facilities, the first undertaken in several years. Tourism will probably not increase markedly until next year, but construction activity should generate strong demand for all types of construction supplies and capital goods, an excellent opportunity for United States businessmen.

Imports of cereals and dairy products are increasing. Good markets should prevail for metal manufactures, both electrical and non-electrical machinery and transport equipment. Locally-produced fruit and vegetables are protected by import restrictions as are manufactures such as textiles, especially clothing, processed minerals, fuels and lubricants, furniture, and some paper, metal and chemical products.

Trinidad-Tobago

The devaluation of the Trinidad-Tobago dollar plus a fiscal program which will curtail consumption and restrict imports to protect domestic production probably mean a modest increase, at best, in purchases of U.S. exports during 1968. Poultry and pork have been added to the restricted import list, while excise and sales taxes have been applied to alcoholic beverages and certain hard goods such as refrigerators and air conditioners.

Capital goods will continue to be in good demand and a new impetus to the tourist industry on Tobago should increase U.S. sales of builders' hardware, construction equipment and material.

In the agricultural area, Trinidad is moving toward self sufficiency in pork, milk, and eggs for consumption. The Government's program to create 1,800 new farms of from three to twenty acres for fruit, vegetables, dairying and tobacco will create demand for the appropriate farm equipment. Imports of animal feeds will continue to increase, while dairy breeding stock, whole turkeys and hatching eggs remain in demand.

Netherlands Antilles

The Netherlands Antilles did not undergo devaluation and continues to receive increasing recognition by tourists, with perhaps a half dozen convention groups scheduled to visit Curacao and Aruba during 1968. Both the Netherlands and the EEC will continue aid to the islands in the form of grants and loans at least through 1971.

Complementing the growth of hotels and resorts, expected to increase by at least a third in the next couple years, is the expectation of larger jets to serve the islands. Many businesses are expanding accordingly.

New manufactures of consumer products and, quite recently, of electronic parts have also added impetus to the economy.

The best prospects for American exporters will be in clothing and food, particularly the latter, since the United States already has nearly 75% of the clothing market. Salted meat, rice, flour and animal feed have been of greatest importance although there is considerable interest in other food products. Motor vehicles and non-electric machinery and construction equipment continue to receive strong demand.

A change in the tariff schedule has been proposed but has not yet taken place. It is believed that many duties for U.S. products may actually be lowered although the schedule, if adopted, will probably give EEC members some advantage.

Chile

Imports surging due to favorable copper foreign exchange earnings

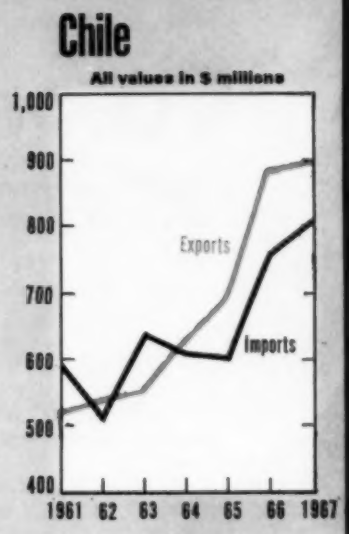
By HERBERT LINDOW
American Republics Division, BIC

Imports 1967

Total ..... $830 million*
From U.S. ..... $310 million*
U.S. share 37.3%*

Exports 1967

Total ..... $887 million
To U.S. ..... $193 million
U.S. share 21.8%
* Estimate



Chilean imports, which were at record high levels in 1967, are expected to increase by about 5% during 1968. Imports have soared from $626 million in 1965 to an estimated $830 million in 1967 and may reach $871 million in 1968.

The principal reason for the surge in imports is highly favorable international prices for copper which accounts for about 70% of foreign exchange earnings from merchandise exports. The average price of copper rose from 37.5 cents per pound in 1965 to 47.6 cents in 1967 and is not expected to change significantly during the remainder of 1968.

In addition, Chile has been able to finance a high level of imports because of the inflow of capital for expansion of the copper development program, loans from international lending agencies and a greater volume of credits from suppliers abroad.

As mentioned, Chilean imports are expected to rise by 5% in 1968. A greater increase is not likely in view of substantial imports of capital goods made in 1966 and 1967 to reduce bottlenecks in the industrial sector. However, a larger expansion of imports is possible in the event the copper mining development program accelerates further.

Moderate growth expected

Chile's Gross National Product (GNP) in 1966 was about $6 billion. Economic growth slowed in 1967 to a rate estimated at 2.5-3%. This was due largely to industrial output reaching installed capacity; a sharp decline in Government expenditures for construction; tight credit conditions; and a wait-and-see attitude on the part of some investors because of political uncertainties.

In 1968, it appears that there will be a modest recovery in overall economic growth, which should advance at a rate of about 4%. The increased availability of capital goods now in Chile as well as an acceleration of construction starts under more favorable Government policies affecting housing construction are the principal factors in this forecast.

In view of capital scarcities and severe credit restrictions, Chilean importers seek to obtain the lowest cost and most flexible credit terms possible. U.S. exporters should pay particular attention to extending flexible credit terms in Chile. This is especially true for heavy equipment sales on which the Central Bank in many, though not all, cases requires credits of five to eight years prior to granting permission for the import to be effected.

U.S. exports to Chile should expand in 1968, mainly as a result of shipments connected with the copper expansion program. At least $80 million worth of goods and service should be imported under this program in 1968.

According to revised trade data, total imports from the United States remained at about previous year levels in 1967. In 1967, imports from the United States totaled an estimate $310 million representing a 37.3% share of the Chilean market. During 1966, imports were $299.9 million and the U.S. share, 40%.

Chile's balance of payments registered a moderate deficit of $25.5 million in 1967, caused mainly by a reduction in the trade surplus and an increase of net investment income payments abroad while capital inflows also declined. Barring unforeseen circumstances, the balance of payments in 1968 is expected to be roughly in balance. Chile's gold and foreign exchange assets amounted to $169.2 million at the end of 1967.

The Chilean Government's programs to increase agricultural production offer good opportunities for sales of fertilizers, pesticides, seeds, and irrigation systems and equipment. The Agency for International Development (AID) is helping to finance imports of agricultural machinery and equipment as well as the above items with a $23 million loan to the Chilean Ministry of Agriculture.

CHIEF CHILEAN IMPORTS FROM U.S.: automotive vehicles and parts, chemicals, fertilizers, food and live animals, construction and mining machinery and other types of machinery and equipment. CHIEF CHILEAN EXPORTS TO U.S.: copper, iron ore and concentrates, fishmeal, sodium nitrate, fresh fruits.

Government plans projects

There are also opportunities in the area of infrastructure. ENDESA, the state-owned power authority, is planning to double installed output in the next few years. ENTEL, another Government agency, is in charge of carrying out a program to provide microwave facilities throughout the country. Increased outlays are being made by Government agencies to modernize the railroads, for water and sewage systems for 300 communities, for hospitals, for schools and other projects.

Mechanical handling equipment, machine tools and hand tools should have a strong demand. At the same time, perhaps the four most dynamic industries in Chile—copper, steel, petrochemicals, and paper—present favorable opportunities for U.S. exporters of capital and intermediate goods.

Copper production is to be doubled and refining capacity tripled by 1971; steel ingot capacity is to be doubled, also by 1971; in the field of petrochemicals three plants will be built to produce synthetic resins; and two cellulose plants are to be constructed, requiring an investment of $80 million to increase paper output by 270,000 tons annually. These are only some of the developments which will occur in these fields.

Colombia

Economic activity, trade balance improve; accelerated import increase likely

By LOUIS MURPHY
American Republics Division, BIC

Colombia's total imports in 1968 are expected to record a sizable increase, reaching an annual level approximately 25% over the estimated $497 million (f.o.b.) imported in 1967. Despite the fact that the increased import demand will occasion even more intense international competition, U.S. exports should keep pace with the general rise, thus reaching the $285-300 million level.

The forecast for a considerable growth in 1968 Colombian imports is based upon the following major factors: the relatively low level of inventories and the backlog of import orders resulting from the restrictive Government import licensing program in 1967; a considerably improved general economic and balance-of-payments situation compared with 1967; and, the stated policy of Colombian officials to permit increased imports in 1968 due to the favorable foreign exchange developments.

Latest U.S. export statistics demonstrate the effects of the increased authorized import levels on Colombian demand for U.S. products. U.S. exports to Colombia in the Jan.-Apr. 1968 period totaled $101 million, an increase of approximately 38% from the $73 million exported in the comparable period of 1967.

Despite the noted improvement in Colombia's balance-of-payments situation and the resultant progressive increase in the authorized monthly import level, the Government believes the payments position will require continuing scrutiny and that further import increases will only be effected after careful consideration. Consequently, there is little possibility of a substantial and general easing of present import controls in the near future. Rather, such action is likely to take place gradually with further improvement in Colombia's international payments status.

Latest available estimates indicate that Colombia's 1967 Gross Domestic Product (GDP) grew at an annual rate of 4.8% (current prices), reaching the $5.8 billion level. This growth rate, which was below the approximately 5.3% achieved in 1966, reflected the considerably reduced import total and the general decline in domestic economic activity.

Imports liberalized

In addition to the projected increase in monthly import levels, the Colombian Government recently promulgated two measures also affecting trade. In May, the Superintendency of Foreign Trade issued Resolution No. 5 which freed a large number of commodities from the former prior import license requirement. The products listed, whose combined value approximates 20% of Colombia's total imports, included a number of agricultural inputs, several chemical products, basic metal items, various industrial equipment, and medical equipment. Other import categories still require prior import licenses.

Furthermore, in June the Government announced that henceforth the capital exchange rate market, which had been set at 16.30 pesos per U.S. dollar in March 1967, was abolished. All subsequent purchases and sales of foreign exchange will be made in the certificate market, which will continue to fluctuate on the basis of supply and demand.

A number of measures favorably affecting the investment climate have recently been adopted. In March, the annual profit remittance ceiling was raised from 10% to 14% of net investment, retroactive to Jan. 1. The National Council for Economic Policy may authorize annual profit remittance in excess of 14% in cases involving especially desirable investments. An example of the latter is the May resolution which authorized profit remittances of up to 20% of the foreign capital investment base for companies engaged in natural gas exploration and exploitation.

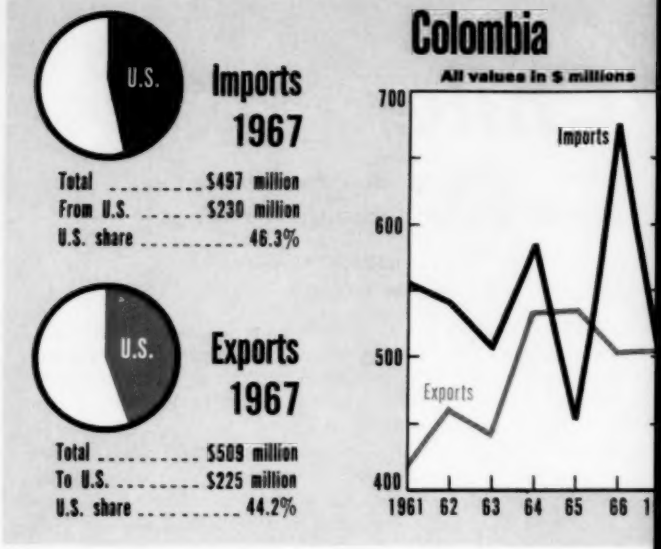
Favored investments

The backlog of pending requests for exchange covering patent, trademark, and royalty payments is also expected to be eliminated this year. A sizable increase in the amount approved for such payments has been noted in recent months. The Government, especially the Planning Department which continues to screen all investment proposals, will be most receptive to investment projects which yield a high degree of employment, utilize a large amount of domestically available inputs, and achieve import substitution and/or exports.

Colombia's import level will be closely regulated by the Government to correspond to the prevailing foreign exchange availability, thus avoiding renewed strain on the country's balance of payments. Consequently, emphasis will be placed upon the importation of items required for the operation of existing industry and those contributing to further economic development.

Specific product lines with promising potential include: agricultural machinery; machine tools and metalworking machinery; general industrial equipment; organic chemicals; telecommunications equipment; power-generating equipment; and iron and steel products.

CHIEF COLOMBIAN IMPORTS FROM U.S.: industrial machinery and equipment; road motor vehicles and parts; organic chemicals; power-generating machinery; wheat; inorganic chemicals; agricultural machinery and implements; medicinal and pharmaceutical products; paper and paperboard; synthetic resins and plastic materials; and fertilizers. **CHIEF COLOMBIAN EXPORTS TO U.S.:** coffee; petroleum and products; sugar and sugar products; precious metals and stones; fish and shellfish; leather and manufactures; cotton textiles; and tobacco.



Dominican Republic

Agricultural, food processing machinery and equipment are good prospects

By ROBERT BATEMAN
American Republics Division, BIC

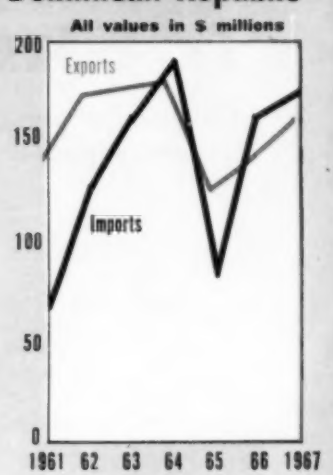
Imports 1967

Total ..... $175 million
From U.S. ..... $96 million
U.S. share 55%

Exports 1967

Total ..... $157 million
To U.S. ..... $139 million*
U.S. share 89%*

* Estimate



U.S. exports to the Dominican Republic should continue to rise in 1968. Some increase in the U.S. share of the total Dominican import market is also expected this year.

Total Dominican imports in 1967 amounted to $175 million while imports from the U.S. rose to $96 million for a market share of 55%. Imports in 1968 could reach $185 million with over $100 million from the U.S.

The principal factors influencing international trade will be the import controls of the Balaguer Administration's austerity program, a fairly high level of U.S. economic assistance, and the absence of a foreseen dramatic increase in Dominican export earnings in the near term.

Restrictions on the importation of a wide range of consumer and luxury goods have been extended until Dec. 31 of this year. Some flexibility in the application of these controls is provided by a law permitting the importation of even those items on the prohibited list when privately-held foreign exchange (*divisas propias*) is used.

Over the past twelve months commercial arrears have leveled off. As soon as Dominican exports increase in quantity and value this arrearage can be expected to decline.

Exports rose in 1967

Part of the arrearage problem is explained by the fact that during the years 1962-64 export earnings averaged $175 million, but during 1965-67 the average fell 20% to about $140 million. This in large measure accounted for the balance-of-payments deficits of 1966 and 1967. 1967 figures showed some signs of recovery, however, as exports rose from $139.4 in 1966 to $157 million the following year.

The Dominican Planning Office expects a 1968 GNP of $1.1 billion. The actual 1967 GNP figure is thought to be very close to $1 billion. From March 1967 to March 1968 the money supply increased 11.5%.

Of significance to the overall Dominican economic situation is the new look President Joaquin Balaguer has brought to the nation's budget. As contrasted to 1963 and 1964, when only 7% of budgetary expenditures were devoted to public works and welfare programs, this proportion rose to 19% in 1966 and 23.5% in 1967. Expenditures for education, health, community development and housing increased 17% in 1967 over 1966. The financing of housing construction with internal resources quadrupled over the same period. The 1968 budget is very similar to that of last year.

An example of the new emphasis on public works is the Tavera Dam. Designed to increase the country's electric power capacity and to expand the irrigation system, the project was recently granted a loan of $22.9 million by the Inter-American Development Bank (IDB). Total expenditures on the program will be $57.1 million, 66% of which will come from the IDB, 20% from the Agency for International Development, and the remaining 14% from the Dominican Republic.

To complement this infrastructure planning of the central government, industrial incentive legislation was signed at the end of April that is designed to channel both foreign investment and local private capital into manufacturing operations of importance to the economic development of the country. Depending on the essentiality of a particular operation and the proportion of its production to be exported, Law No. 299 provides for up to a full exoneration of import duties on raw materials and most fuels as well as a 75% exoneration of local income taxes. Proposals are to be given full and expeditious consideration by a newly formed Industrial Development Board presided over by the Secretary of Industry and Commerce.

CHIEF DOMINICAN REPUBLIC IMPORTS FROM U.S.: wheat, vegetable oils, automobiles, tractors, pharmaceuticals and construction machinery. CHIEF DOMINICAN REPUBLIC EXPORTS TO U.S.: sugar, coffee, chocolate, tobacco, bauxite and molasses.

Incentive legislation

Other legislation is being drafted for the agricultural sector that would, among other things, eliminate import duties on a wide range of items including jeeps and station wagons. This would be in the form of an incentive law to aid in the expansion and diversification of Dominican agriculture.

Machinery and equipment related to basic agricultural industries and food processing offer the best prospects among Dominican imports. European and Japanese competition in these and other product categories is keen, however.

A high-level commission was created recently by presidential decree to advise the executive branch on all aspects of regional economic integration. The committee would act as a permanent advisory organ should the Dominican Republic become a member of an economic group. At the present time there is some sentiment in the country favorable to a special relationship, as distinct from formal economic association, with Puerto Rico in order to supply that market with Dominican agricultural and livestock products. Adherence to a continental Latin American economic group is looked upon by some as a possible spur to industrial development.

Mexico

Upward economic trend continues, imports expected to increase 5%

By PAUL S. FLORES
American Republics Division, BIC

Mexico's imports, which rose 9% in 1967 over the preceding year, are expected to increase at a rate of about 5% in 1968. Although exports fell off 3.8% in 1967, it is expected that the factors which adversely affected export availabilities in 1967 will be substantially improved and that exports in 1968 will increase significantly.

Favorable factors which should contribute to a moderate overall increase in imports include the relatively high level of inputs of the imported capital goods and materials Mexico needs to sustain its burgeoning industry; a continued relatively high rate of GNP growth; expected high level investment by the public and private sectors, especially the latter; and increased income from tourism.

Mexico's Gross National Product, which rose at a rate of 5.4% in 1965 and 7.5% in 1966, increased at a rate of 6.4% in real terms in 1967, restrained in part by the government's efforts to prevent overheating. The GNP totalled $24 billion in 1967 in current prices. Indications at mid-year were that the GNP growth in 1968 would approximate 7%.

Business climate buoyant

The business climate in mid-1968 reflected a high level of optimism and confidence. The principal contributing factors included an upsurge in industrial and commercial activity, influenced in turn by the favorable outlook for increased agricultural production and for higher public and private investment. Also, the overall atmosphere of festive expectancy contributed to increased commercial activity as the October Olympics drew near.

Tourism is expected to generate a substantially higher volume of foreign exchange earnings this year. Not only will the Olympic games bring in a greater inflow of foreign tourists, but many Mexican tourists who normally travel abroad, will be staying in the country during the Olympic year, thus reducing Mexican tourist spending abroad. In addition, Mexican Government efforts to keep duty-free goods brought back by returning Mexican tourists within legally-allowed limits will further increase net earnings from tourism and border transactions.

U.S. exports to Mexico are expected to total about $1,280 million in 1968, some 5% over the 1967 total. The United States supplied 63% of Mexico's total imports in 1967, continuing the decline from 68.5% in 1964.

The outlook is for a continued slight but steady decline in the face of intensified competition from other industrialized countries and some LAFTA members. Japan, for example, has recently been successful in winning purchase contracts for substantial sales of telecommunications equipment, including a contract for an earth satellite station which is expected to be ready for use in the Olympic Games. Better financing appears to have given Japanese firms the edge in obtaining these sales in competition with U.S. and European firms.

Significantly, the earth station contract was awarded to two Japanese firms shortly after Mexico and Japan signed a technical assistance agreement in telecommunications.

U.S. holds industrial fairs

Other countries are also pushing their sales efforts in Mexico with considerable enthusiasm and ingenuity, especially the United States, which held highly successful industrial fairs in Mexico City in 1966 and 1967 and plans another one in 1969.

Imports in 1968 continue and will continue to consist predominantly of capital goods and materials for industry, including heavy machinery, transport and communications equipment, instrumentation of advance design, and chemicals and other raw and semi-processed materials for industry. These types of goods account for more than 80% of total Mexican imports. Mexico produces all types of consumer goods and an increasing variety of light machinery and equipment including a few types of heavy equipment.

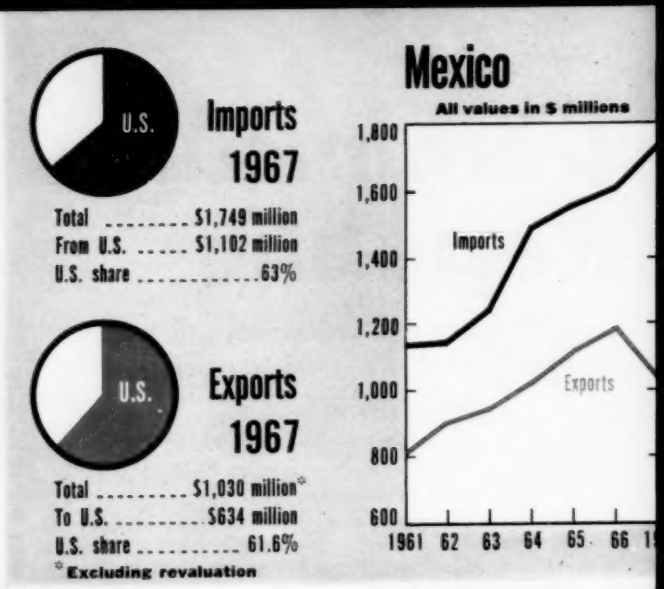
CHIEF MEXICAN IMPORTS FROM U.S.: industrial machinery, motor vehicles, motor vehicle parts, organic chemicals, aircraft, natural gas, iron and steel scrap, petroleum products. CHIEF MEXICAN EXPORTS TO U.S.: sugar, shrimp, coffee, petroleum, tomatoes, live cattle, metals, sulfur.

Export push in progress

Mexico's real GNP growth, which has averaged about 6% over the past 25 years, requires large inputs of imported capital and producer's goods to nourish and sustain this high rate of growth. For this reason, Mexico is aiming part of its 1968 public expenditures, which are expected to exceed last year's slightly, toward those sectors which can earn the foreign exchange needed to foot the growing import bill.

For example, efforts to increase the production of export crops such as cotton and coffee will be intensified and more irrigation systems will be constructed to assist the production of other crops with export potential. In addition, export-oriented manufacturing industries which are able to compete internationally will receive assistance and encouragement in the form of tax incentives and subsidies, export financing, credit insurance, and duty-free entry of materials and components which will be included in the finished export product.

Although Mexico experienced a balance-of-payment deficit on current account of some $620 million in 1967, it is expected that this figure can be reduced by at least 20% in 1968 in view of the increased foreign exchange earnings expected from exports and tourism.



Peru

Imports to remain low due partly to 1967 devaluation, increased duties

By BRUCE SEVER

American Republics Division, BIC

U.S. exports to Peru in 1968 are expected to decline to about $220 million, or about 13% below the level of exports in 1967. The devaluation of the Peruvian sol in Sept. 1967 and the extensive hikes in import duties have had a marked impact on the overall level of imports. This is evidenced by the fact that for the first four months of 1968 total Peruvian imports stood at $220 million as compared to $286 million for the same period of 1967, and $245 million for the same period of 1966.

Imports from the United States during the first four months of 1968 amounted to $75 million or 34.5% of total Peruvian imports. The U.S. share of total Peruvian imports in 1967 was 36.7%, indicating a decline in our share of the market.

Most categories of imports were down, with imports of automotive vehicles, iron and steel products, and electrical machinery and equipment registering significant declines. However, imports of cereals (mainly wheat), organic chemicals, fats and oils, and mineral fuels recorded strong increases.

During the months ahead, Peru will have a high level of payments due on foreign loans. Continued shortage of foreign exchange, coupled with tight commercial credit to curb inflation will continue to have a restraining impact on imports during the balance of 1968.

Exports up

On the other hand, Peruvian exports in 1968 are expected to register an impressive increase over the 1967 level. For the first four months of 1968, total exports stood at $296 million as compared to $253 million in 1967 and $219 million in 1966. Exports of silver, copper, fishmeal and coffee accounted for most of the increase.

The measures to restrict imports and to encourage exports have had the desired effect, since for the first four months of 1968 Peru recorded a merchandise trade surplus of $76 million, as compared to a deficit of $33 million in 1967 and one of $26 million in 1966.

In spite of this favorable performance in the merchandise account, the balance-of-payment problem remained worrisome. Net exchange reserves of the Central Bank in 1968 were 25% below the level of a year ago, standing at $102 million at the end of April.

Unless the domestic inflation can be contained, the improvement in the merchandise account can be easily reversed. Continued inflation would generate a strong demand for imports, while rising price levels in Peru would make Peruvian exports less attractive in world markets. There is growing awareness of the need to contain inflation, which stems largely from the large budgetary deficit. The Peruvian Congress on June 24 voted the President "extraordinary powers" to raise taxes over the next 60 days.

Government curbs imports

On Mar. 1 the Peruvian Government put into effect a temporary three-month prohibition on imports of about 320 non-essential commodities. The prohibition was extended through Mar. 31, 1969 on 90 of the commodity groups and later supplemented by over 200 commodity groups.

On May 28, the Government placed into effect a 15% surtax on the c.i.f. value of imports other than essentials such as staple foods, medicines, fuels, newsprint and books. The surcharge has been reduced to 10% and is scheduled for further reduction to 5% after Nov. 30 and termination after Jan. 31, 1969.

At the same time, a 20% luxury tax was placed on other imports, and a 20-40% tax placed on goods assembled locally which use a high input of imported components, for example electrical appliances, television sets, radios, watches and motorcycles.

With the decline of exports, which has been Peru's most dynamic sector, in 1966 and 1967 and the subsequent measures to curb imports, the growth of the economy has slowed down. Gross national production in 1968 is expected to increase only about 2.9%, which is about equal to the population growth.

A wait-and-see attitude on the part of businessmen is apparently resulting in a deferral of some investment decisions until the current economic problems are resolved and the Presidential elections scheduled for June 1969 have been held. The Government is particularly desirous of new investments in the copper industry which could spark a sluggish growth rate and easily double copper exports.

The level of Peruvian imports of certain capital goods should be favorably affected by a $7.5 million AID loan recently signed to assist in financing industrial development. The loan funds will be intended especially for companies engaged in the processing and marketing of agricultural products. Other capital goods for the mining industry may be stimulated by changes made in Article 56 of Peru's Mining Code and its regulations to increase incentives for investors.

Credit terms important

Peru's foreign purchases are likely to be based more than ever on considerations of price and terms of financing in view of the tight credit situation and general economic recession.

U.S. exporters would do well to give close attention to the market for capital goods, which could improve quite rapidly if budgetary issues are favorably resolved and confidence in the economy restored.

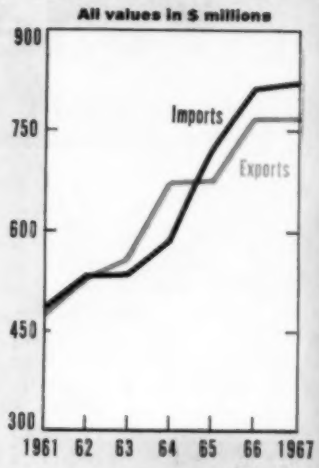
Imports 1967

Total	$817 million
From U.S.	$300 million
U.S. share	36.7%

Exports 1967

Total	$757 million
To U.S.	$303 million *
U.S. share	40.1%

* Estimate

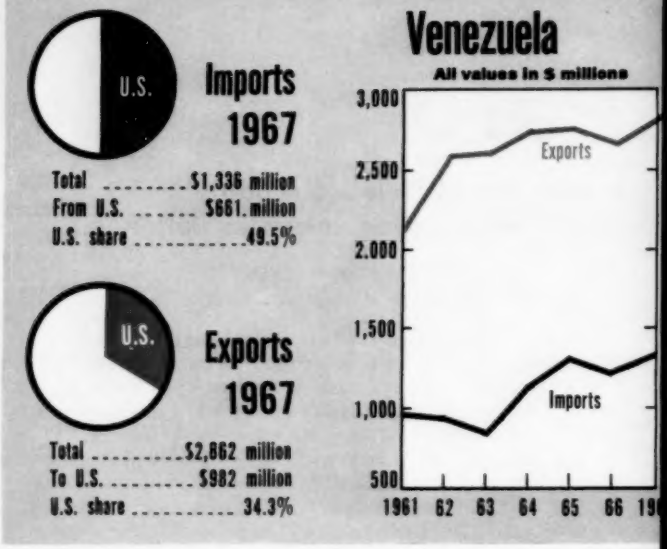


CHIEF PERUVIAN IMPORTS FROM U.S.: machinery, motor vehicles and parts, chemicals, wheat, crude materials including wood products, iron and steel. CHIEF PERUVIAN EXPORTS TO U.S.: copper, sugar, fishmeal, iron ore and concentrates, lead, zinc.

Venezuela

Factories, power plants, port are among investment projects underway

By DAVID S. McCRACKEN
American Republics Division, BIC



The trade outlook for Venezuela is favorable with both imports and exports expected to increase modestly. A high level of exchange reserves and of economic development should generate continued demand for imports.

The economy is still thriving under the stimulus of petroleum exports, which increased as a result of the 1967 Middle East crisis and have continued to enjoy a strong world demand. Oil exports are expected to be slightly higher in 1968, although a leveling off may occur in the latter part of the year. Not much change is anticipated in other exports. The increase in imports should again be mainly for capital goods and equipment, although consumer products showed surprising gains last year which may continue as a result of increasing prosperity.

Gross National Product in 1967 was an estimated $8.5 billion, with a growth rate of approximately 5%. In 1968 the rate will probably be about 5-6%.

Business confidence appears to be strong, although businessmen may postpone some major business decisions until after the December national elections. Government plans with respect to integration of the Latin American economies, implementation of the new service contracts with petroleum companies, and the future of Venezuelan petroleum in the world market are among other current concerns of the business community.

Price levels continue to be relatively stable. During the three years preceding November 1967, the average annual rate of increase in the wholesale price index was just 1.7%. Most of the increase occurred in the prices of imported goods. Increases in the relative prices of U.S. goods is likely to have been an important factor in the gradual loss of the market share enjoyed by the United States in recent years.

U.S. share slips

Total imports in 1967 were $1,336 million, up $119 million (9.8%) from 1966. Those from the United States were approximately $661 million, up $47 million in the same period. The U.S. share of total Venezuelan imports decreased slightly from 50.4% to 49.5%.

Total exports in 1967 were approximately $2,862 million, up $170 million (6.3%) from 1966. Exports to the United States were approximately $982 million, up $1 million. (Figures for exports to the United States do not include petroleum and petroleum products which were shipped to the Netherlands Antilles and Trinidad and Tobago for refining and subsequently re-exported to the United States.) The share of total Venezuelan exports purchased by the United States decreased from 36.4% to 34.3%.

After petroleum, which accounted for an estimated 92.3% of Venezuela's exports in 1967, Venezuela's leading exports were iron ore, 4.8%; coffee, 0.5%; and cacao, 0.2%. All three were exported in quantities close to those of 1966 and probably will be maintained at the same levels in 1968.

In 1968 the composition of imports should reflect the continued movement to local production of consumer and intermediate goods. As new industries are established, it may be expected that import duty and license protection will be extended in line with protectionist policies of the Government.

Preparations for renegotiation of the U.S.-Venezuelan Reciprocal Trade Agreement are under way, but just when negotiations will begin is uncertain.

Product categories which appear to offer the most promising U.S. export potential include various types of machinery and equipment—construction, materials handling, air conditioning, foundry, metalworking, graphic arts, hospital, and packaging; plastics; pumps; paper products; and electric handtools.

CHIEF VENEZUELAN IMPORTS FROM U.S.: vehicles, wheat, machinery, engines, electrical equipment and appliances. CHIEF VENEZUELAN EXPORTS TO U.S.: petroleum and products, iron ore, coffee, cacao, diamonds, cement, shrimp.

The balance of payments position of Venezuela is excellent. The bolivar is stable and freely convertible with exchange reserves on May 31 standing at $862 million.

The U.S. Department of Commerce is planning several market development efforts such as trade missions and market studies during the coming year. There will probably be four or five industry-organized government-approved trade missions.

Big investments grow

Important investment projects in process include the following: Creole and Shell are constructing desulphurization plants, to be ready in 1970. The Venezuelan Petrochemical Institute (IVP) complex at El Tablazo has a projected total investment of $390 million. The initial portion, scheduled for completion in 1970, consists of $50 million in basic facilities (a port, and power, steam and water treatment plants), and $135 million in petrochemical production facilities.

In the Guayana area, the Orinoco Mining Co. is installing an $80 million iron briquette plant at Puerto Ordaz to be operational by 1970. Sidurgica del Orinoco (SIDOR) plans to build a $120 million flat products mill. The Guri Dam hydroelectric installation is scheduled to begin transmission of power by 1969, with an initial capacity of 525,000 kw. Final capacity will be 6 million kw.

Construction of the Caracas subway is due to begin soon. The first part of the system will cost over $225 million and is scheduled to go into service about 1973.

Western Europe rebounds

End of 1967 recession indicates much stronger economic showing in region

By J. ROBERT WILSON
European Division, BIC

In general the economies of Western Europe may be expected to fare much better this year than in 1967, the first half of which was still marked by recession.

The EEC countries are expected to enjoy a growth of 5% in gross national product, twice that of last year. The British economy, despite an austere budget that curbs personal consumption, should grow by 3 to 4%, compared with a rate of about one percent in 1967. Many fairly optimistic forecasts made at the beginning of 1968 have not only been confirmed but have been revised upward somewhat upon the receipt of economic data for the early months of the year.

To a considerable extent the surge of growth so far this year has been export-led, rather than being the product of domestic demand. In the case of Britain this is fully in line with official policy which aims at eventually achieving a balance of payments surplus of $1.2 billion a year by boosting exports and restraining imports.

On the Continent, particularly in Germany and other countries with large payments surpluses, export-led growth is considered inconsistent with policy needs. Moreover, EEC increases have been largely in exports to the United States and the United Kingdom, precisely those countries seeking to eliminate their payments deficits.

France affects EEC

Common Market trade will be affected by the dislocations in France resulting from the strikes and the subsequent wave of wage increases. The degree of expansion of total French imports may be moderated by the French Government's recently imposed quotas on steel, automobiles, textiles and household appliances, depending on the exact nature and duration of these restrictions.

In 1967 U.S. exports to Western Europe grew only 2.9%, despite a gain of just under 13% in exports to our single best customer, the United Kingdom. The available statistics for 1968 show only a slightly better performance in our total exports to Western Europe. Not only have sales to Britain slowed down but those to our second best customer, West Germany, registered an absolute decline.

So far this year, accelerated growth in Europe has not induced a comparable growth in imports from the United States, at least insofar as the EEC is concerned. The past nine months have seen a strong revival of economic activity in West Germany. For the first time since late 1966 the number of vacant positions again exceeds the number of persons unemployed. Incidentally, this should renew German industry's interest in acquiring more labor saving equipment, hopefully from American suppliers.

Total German imports rose 15.5% in the first quarter, compared with the same period in 1967. This import growth has stimulated the economies of Germany's Common Market partners.

Despite the rather lackluster performance of U.S. exports, it is anticipated that the second half of the year will see appreciable gains. As the U.S. income tax surcharge gradually dampens domestic demand and checks inflation, the European market should look more promising and American products should be in a better competitive position so far as pricing is concerned.

Kennedy Round opportunities

The increased European economic activity and prosperity should eventually redound to the benefit of American exports, a process which will be facilitated by the recent implementation of Kennedy Round tariff reductions. Barring unforeseeable events, there is ample reason to expect that the export gain for the year as a whole will be considerably greater than that recorded last year.

On July 1 the six members of the European Communities achieved one of the major objectives set forth in the Treaty of Rome—the completion of their customs union. Internal duties, which had already been reduced to 15% of their original 1957 levels, were abolished. At the same time the Common Market countries completed the alignment of their national tariffs to the common external tariff (CXT). Simultaneously, they put into effect the first two stages of the Kennedy Round reductions.

The resulting reductions in the level of the duties of the new CXT will be particularly substantial in the case of the relatively high-tariff EEC members, France and Italy. In the case of Germany and Benelux, the Kennedy Round reductions frequently serve to prevent increases in the duties resulting from the alignment to the CXT.

Similarly, the preferences enjoyed by the members of the European Free Trade Association in their trade with one another will be diminished by the implementation of the Kennedy Round tariff reductions. Since the beginning of 1967 the seven full members of EFTA have enjoyed duty-free treatment for their internal trade in industrial products.

Promising commodities

European airlines depend heavily on American equipment and bought $600 million worth of aircraft last year. This represented a 64% increase over 1966 sales. Barring possible strike-induced delivery problems this fall, 1968 will see further significant gains.

The European airline industry is also responsible for gains in the statistical category, "power generating machinery, other than electric" which includes jet engines, and which accounted for U.S. exports of nearly $300 million in 1967.

Two other categories, each of which accounted for over a quarter billion dollars of U.S. exports, deserve mention. Exports of office machinery, including electronic computers, registered a gain of 32% last year. Shipments to Western Europe of scientific, medical, optical, measuring and controlling instruments and apparatus increased 11%.

Exports of telecommunications apparatus rose to $176 million, thereby scoring a remarkable gain of 31%. It is apparent that there continues to be a thriving market for American equipment embodying advanced technology.

Attuned to the potentialities of this market, our trade centers in Europe—located in London, Frankfurt, Stockholm and Milan—have scheduled exhibitions including such specialized groups as analytical instrumentation for the life sciences; advanced fluid power equipment and fluidic devices; micro and miniature electronic components; and transducer instrumentation systems.

The North Sea natural gas discoveries give promise of a continuing market for U.S. exports of industrial gas equipment. A recent exhibition of such equipment at the London Trade Center proved successful and both exhibitors and visitors recommended a repeat for sometime in 1970.

Austria

Economic revival should boost import prospects despite new border taxes

By ANDREA FOTH
European Division, BIC

The Austrian economic revival is expected to result in improved market conditions in the coming months.

Austria is emerging from its economic slowdown, aided by rapid improvement in the economies of Austria's chief trading partners, especially Germany.

With vigorous promotional efforts, U.S. exporters should be able to benefit from the expected increase in domestic demand and the tariff reductions put into effect on Jan. 1.

Several factors contribute to the improved outlook. The Austrian Government has indicated in recent official statements the need for structural reorganization, nationalization and modernization of Austrian industry. Simultaneously, Austria intends to remove curbs to competition by a series of measures, including amendments to the Cartel Law.

On the other hand, recent increases in border taxes for a number of items and the elimination of intra-EFTA duties may hinder the competitive position of a number of U.S. exports.

The 1967 gross national product at current prices was estimated at $10.6 billion, an increase of 6% over 1966; in constant (1954) prices the growth rate was 2.5% higher in 1967 than in 1966 (1.6% excluding agriculture). It is now generally believed that Government estimates of a 3-4% real growth rate will be achieved in 1968, in keeping with the general West European revival.

The Government has formulated a program which is designed to stimulate the country's economic growth, improve structural weaknesses and implement countercyclical measures. The program includes measures to promote mergers in industry and business, to remove obstacles to freer competition, modernize management, and reorganize the nationalized industries. It provides for the establishment of an industrial investment bank, credit facilities for small and medium sized business firms, a fund to promote development and improvement of the production facilities, and encouragement of group financing of large scale projects.

Labor leaders have voiced approval of the program and continue to show a moderate attitude.

Overall industrial production in 1968 has so far surpassed the comparable 1967 figures but developments are uneven among the different sectors. Production of consumer goods of all types has increased sharply, basic materials production shows a small increase and construction activity has begun to pick up slowly. Production of investment goods has been rather stagnant but investment decisions of private business may be revised upward quickly as a result of increasing consumer spending, restocking of inventory, and the psychological effects of the upturn of business activity in some of Austria's major trading partners. A substantial rise in the consumption of electric power is an indication of the acceleration in industrial activity. Thus, prospects for a continued rising level of production in the coming months are good.

Imports up

On account of the expected increase of the turnover equalization tax and surcharge, effective Feb. 1, import demand in January was markedly higher than in January 1967. The additional demand was concentrated in the finished goods sector, which was most affected by the higher tax burden. But in February and again in April, imports remained above the comparable 1967 figures. The 3% increase in domestic demand which is now forecast for 1968 is likely to result in correspondingly higher imports.

The U.S. share of the Austrian market has remained at about 4% in each of the first three months of 1968, slightly above the 1967 average of 3.5%. U.S. exports to Austria totaled $24 million through March an increase of 14.3% over the same period in 1967.

The balance of payments deficit on current account is likely to continue in 1968 and will be more than offset again by the floating of loans in foreign capital markets.

Consumer prices are expected to rise by about 3 to 3.5% during 1968, mainly due to higher turnover taxes and increased wages. Most wage contracts negotiated in the fall of 1967 went into effect last spring. The majority of new wage contracts will not be negotiated until later this year; thus, wages should stay quite stable for the remainder of 1968.

The unemployment rate, which showed a slight increase up until the spring, is likely to decrease during the harvest season.

Because of the need to revitalize Austrian industry, prospects for sales of plant modernization equipment and labor and time-saving devices continue to be very good. Other promising categories of U.S. exports to Austria include basic chemicals and industrial machinery.

The expected shortfall in crops both in Austria and neighboring countries may increase import needs of feed grains this year.

The customs tariff concessions obtained in the Kennedy Round tariff negotiations, which will eventually result in reductions of up to 50% on various items, will benefit U.S. exporters of some types of chemicals, rubber products, paper goods, motors, machinery and parts, hand tools, electrical and communications equipment, and tractors.

CHIEF AUSTRIAN IMPORTS FROM U.S.: nonferrous metal ores, machinery, chemicals, plastics, tobacco, cotton and corn. CHIEF AUSTRIAN EXPORTS TO U.S.: machinery, motorcycles, bicycles, glassware, sports equipment, synthetic fibers and clothing.

Belgium

Renewed growth in trading partners points to economic upswing in '68

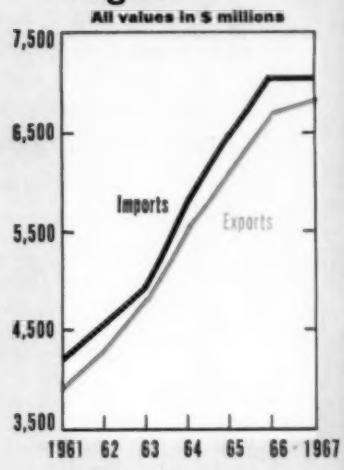
By ROBERT H. WALKER
European Division, BIC

Imports 1967

Total ..... $7,176 million
From U.S. ..... $590 million
U.S. share 8.2%

Exports 1967

Total ..... $7,032 million
To U.S. ..... $588 million
U.S. share 8.4%



Signs point to an upswing in the Belgian economy during 1968. Both imports and exports have risen markedly since late 1967, with U.S. exports gaining an expanded share of the Belgian market.

Domestic consumer demand has strengthened. Foreign demand is experiencing a substantial rise. Resurgent domestic production is compelling replenishment of raw material and semi-manufactured stocks, while unemployment has decreased with the return of better weather.

Prospects for renewed growth in the economies of Belgium's EEC partners apparently have spurred businessmen to resume domestic investment. Indications of this are seen in the increased imports of industrial equipment and the substantial rise in nonresidential building contracts. While domestic orders for investment goods are still slow, the favorable profits outlook should improve the situation.

Belgium's gross national product for 1967 is estimated at $19.24 billion, up 2.5% in real prices above 1966. The 1968 budget was predicated on a 3% rise in GNP in constant prices. Since then, the Free University of Brussels Department for Applied Economy (DULBEA) has projected a rise of 4% in constant prices for GNP in 1968. It is estimated that GNP for 1968 in current prices would reach about $20.4 billion at the lower rate and $20.8 billion at the higher.

Economic growth in Belgium is closely linked to advances made by other EEC countries, since over 60% of the nation's exports are sent to its Common Market partners. More exports mean greater opportunity for profits and the propensity of businessmen to invest is tied to profit prospects. Increasing turnover, lessened unemployment, and industrial rationalization carried out during 1967 have improved the expectancy of better returns.

The continuing rising trend of wage costs, however, has had some dampening effect on the outlook.

Wholesale prices have been far more stable than retail prices. From the 1967 low in October, the index rose slightly, leveling off in the first quarter of 1968. In March it was 1.7% below March 1967 because of lower raw material prices. The March index for finished industrial products remained almost unchanged, while the index for semi-manufactures was only slightly advanced.

Retail prices, however, climbed steadily during 1967. This January's level was 3.6% above January 1967. Lower food prices by April reduced the spread over April 1967 to 2.8%.

Total imports of Belgium-Luxembourg (BLEU) for the first quarter of 1968 were valued at $2,033 million, 15.2% above the comparable period of 1967. Total exports reached $1,999 million, 12.3% higher than the 1967 period.

The substantial rise in imports was due mainly to replenishment of stocks and to goods for immediate consumption. Mineral products and base metals showed the sharpest advances, up 35% and 33% respectively. The increase in machinery and electrical equipment imports (up 5.3% in the quarter against a drop of 3.3% for July-Dec. 1967) was an encouraging factor indicating future growth.

Practically all categories of export goods rose, with chemicals and mineral products making the greatest gains, 26.5% and 23.2%. Textiles were only 1.8% above the 1967 quarter.

The upsurge in exports to BLEU's two main markets, the Federal Republic of Germany and the Netherlands, were largely responsible for the 11.2% increase in exports to the EEC during the first quarter. Exports to Germany rose 19.7% and to the Netherlands, 12.3%. Base metals and transport equipment formed the bulk of the increase.

Imports from the United States rose 26.4% above the 1967 quarter to $172 million. Most important were grains, mineral products, chemicals, industrial equipment, and aircraft.

The increase in BLEU exports to the United States far outstripped the rise in BLEU imports, jumping 51% to $214 million. The sharp increase is attributable mainly to iron and steel products imported in anticipation of a strike in the U.S. steel industry. Diamonds accounted for some 14% of the total.

The U.S. share of the market continued to grow, attaining 8.5% for the quarter, compared with 7.7% in the 1967 period; for full 1967 it was 8.2%.

While the exceptional European harvest may temporarily affect imports of some traditional U.S. agricultural products, favorable opportunities continue for many finished products, including: machinery and equipment used by municipalities, industrial gas equipment, equipment to combat air and water pollution, computers, advanced electronic items, plastics, plastics machinery, sophisticated machine tools, packaging machinery and supplies, and scientific and medical instruments.

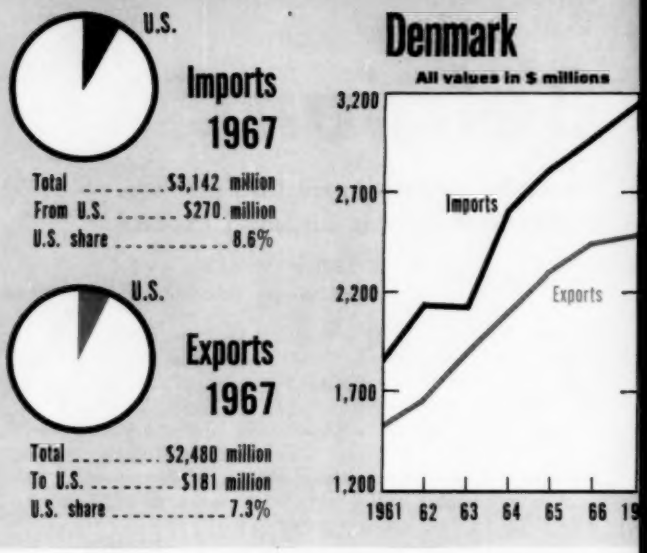
The United States has tentatively scheduled an exhibit in Europlastica International Fair, Brussels, Mar. 22-30, 1969, as a major promotion vehicle for plastic raw materials, and machinery and equipment for the plastics industry.

CHIEF BELGIAN IMPORTS FROM U.S.: grains, non-electrical machinery, food preparations, chemicals, aircraft nonferrous metals and products, textiles, motor vehicles. CHIEF BELGIAN EXPORTS TO U.S.: iron and steel mill products, diamonds, nonferrous metals and products, textiles, motor vehicles, glass and glass products, photographic products, non-electric machinery.

Denmark

Airport, shopping centers, hospitals are in planning stages; will need U.S. goods

By HAROLD A. McNITT
European Division, BIC



U.S. exports to the accessible Danish market will continue rising through 1968. Last year U.S. sales to Denmark advanced briskly in spite of an economic slowdown starting in midyear.

Danish industrial output and employment are still below capacity. A serious drop in Denmark's agricultural exports, especially to the Common Market countries, affected the agricultural industry adversely. In addition, fiscal and monetary restraint measures dampened economic activity.

However, Danish demand remains buoyant for several major U.S. exports, including commercial aircraft and machinery. Continued significant growth of U.S. sales appears likely this year.

Denmark's gross national product (GNP) reached approximately $12.2 billion in 1967, an increase of 3.7% at constant prices (GNP has been converted to dollars at the exchange rate which prevailed prior to the Danish devaluation of November 1967). A real growth in GNP of approximately 3% this year is anticipated.

Cautious outlook

Because of uncertainties in the European trade picture, Danish business circles are generally cautious in their immediate business outlook. Much depends on demand developments in the key Western European markets, especially the United Kingdom and the Federal Republic of Germany. In view of the importance of the German market, the greatly improved German prospects together with indications that the Danish Government will take measures to stimulate the economy have served to improve the business climate.

Since March the Government has liberalized depreciation rules for the corporate income tax, lowered the rediscount rate from 7.5% to 6.5%, and eased credit availability for commercial construction. Additional stimulative measures are anticipated.

Despite vigorous efforts to restrain inflation, prices and incomes continue to go up. The consumer price index is expected to rise 8-9% this year, while total income may increase as much as 10%. Contributing to the price increases are major wage gains (often "tied" to cost-of-living index increases); an increase in Denmark's value-added tax to 12.5% in April; and the devaluation of the crown last November.

Danish imports from the United States in 1967 reached $270 million, a striking gain of 15% over the previous year. The U.S. share of the Danish market also increased from 7.9% in 1966 to 8.6% in 1967. Outstanding gains were scored in Danish purchases of U.S. non-electric machinery (up 38%), electrical machinery (up 39%), transport equipment—chiefly aircraft (up 46%), and oilseeds (up 47%). The increase, boosted by large commercial aircraft sales, continued through the first quarter of 1968. Imports from the United States were running 40% higher than in the corresponding 1967 period. Denmark's exports to the United States showed signs of renewed vigor during the first quarter of this year after declining by 7% during 1967.

Denmark's membership in the European Free Trade Association (EFTA) plays an increasingly important role in the economy. In 1967, one-half of Danish exports and 40% of imports were traded with other members of the Association. Tariff duties have been eliminated on virtually all non-agricultural products originating within EFTA and traded between members.

On July 1, Denmark started to carry out the tariff reductions it negotiated during the Kennedy Round. The first 40% of Danish reductions was made effective. When the reductions are fully implemented, duties on many important U.S. exports to Denmark including most machinery will be well under 10%.

CHIEF DANISH IMPORTS FROM U.S.: machinery and instruments, oilseeds, transport equipment, cereals, tobacco, chemicals, plastics, fruit and vegetables. CHIEF DANISH EXPORTS TO U.S.: meat (chiefly ham), machinery, mink furskins, dairy products, furniture, chemicals.

New machinery needed

Denmark has sharply increased its industrial sector, and industrial products represent a rapidly increasing share of total exports. Danish government and business leaders are agreed that the basic industries require modern, cost-cutting equipment to improve the Danish competitive position.

The recognized need for advanced, high-quality capital equipment helps explain why Danish imports from the United States advanced briskly last year. Demand for such equipment will continue to generate excellent export opportunities for U.S. producers. Among the most promising prospects at this time are advanced and automated materials handling equipment; electronic components; and laboratory, testing and scientific research instruments.

Several major industrial and public projects will also be a fertile source of export and design opportunities. The proposed new Copenhagen international airport, if constructed in accordance with current plans, will be a $600-$700 million project. Plans are also under way for a giant shopping center west of Copenhagen, expected to be Europe's largest when completed in 1990. Several other large projects are on the boards, including four other major shopping centers and several hospitals. The latter will require medical and surgical equipment and supplies.

Finland

Machinery is in demand as country expands, diversifies export industries

By HAROLD A. McNITT

European Division, BIC

U.S. exports to Finland this year will probably register a moderate decline. The market should begin to regain strength toward the end of 1968.

Demand for capital equipment—key U.S. export to Finland—is restrained by a prevailing shortage of investment capital. Demand for a wide range of imports has been dampened too by the 31.25% Finnish devaluation in October.

Finland's gross national product (GNP) reached $9.4 billion in 1967, a real growth of 2.3% (GNP has been converted to dollars at the exchange rate which prevailed prior to the October devaluation). A somewhat better growth rate is anticipated this year, approximating 3%. The extent to which this rate will be achieved depends largely on demand developments in Finland's key Western European markets.

Finnish business confidence was boosted this spring by a series of Government measures to control inflation and to achieve better balance in the economy. The heart of these measures was a new law establishing wage and price controls and abolishing "cost-of-living" index clauses. The clauses, which tied wages and many other forms of income to the cost-of-living index proved to be highly inflationary. Rising prices threatened to wipe out competitive advantages for Finnish exports obtained by the devaluation last October. The new legislation was fully backed by nearly all economic interest groups in Finland.

U.S. sales decline 13%

Finland's imports from the United States last year declined to $84 million, 13% below the previous year. The U.S. share of the Finnish market contracted from 5.6% in 1966 to 4.9%. Foods, raw materials, and capital equipment suffered the largest losses. U.S. wheat sales plummeted to barely one-third the previous year's level. Soybeans, a major U.S. export to Finland, dropped even more sharply.

Sales of U.S. non-electric machinery decreased moderately. The decline reflected continued weak demand for capital goods. Because of credit stringency, Finland's total public and private investment declined in volume by 2% last year.

The decrease in U.S. sales was not across-the-board, however. Finland's imports of electrical machinery jumped 20%. Scientific and professional instruments advanced 15%. The market remains good—though selective—for technically advanced equipment.

Finland's exports to the United States declined slightly last year, largely because of decreased pulp and furskin shipments.

Several recent Finnish moves will provide long-range advantages to U.S. exports. On Jan. 1, Finland virtually eliminated remaining global quotas on imports of non-agricultural products. On July 1, it started to implement the tariff reductions it negotiated during the Kennedy Round. The first 40% of the agreed reductions was made effective. When fully implemented, the new Finnish duties on most machinery as well as other manufactured goods will be less than 10%.

Capital goods needed

Finnish measures to stimulate capital investment—especially in the exporting industries—may begin to have some impact late this year. The most promising prospects for U.S. exports to Finland are therefore concentrated in capital goods.

The pattern of demand for machinery will reflect Finland's determination to expand and diversify its exports. While forest products (paper, paper products, plywood, pulp, etc.) are still the most important export earners, Finland plans to concentrate on increasing its exports of machinery, metal products and other manufactures. Advanced machinery and other plant equipment will undoubtedly be required to retool and modernize the engineering, metals and chemical industries.

CHIEF FINNISH IMPORTS FROM U.S.: machinery, chemicals, transport equipment, raw materials, manufactured articles, fruits and vegetables. CHIEF FINNISH EXPORTS TO U.S.: paper and paper products, articles of wood, wood pulp, machinery, manufactured articles, furs.

The June 3 issue of INTERNATIONAL COMMERCE lists several products and services which offer special promise for export to Finland in the months ahead. The list includes electrical and electronic equipment, numerically controlled machine tools, packaging machinery, office machinery, business management and consulting services.

Persistent balance-of-trade deficits, with consequent depletion of foreign exchange reserves, are a major problem for the Finnish economy. Finland took several measures during 1967 to decrease the size of the trade deficit. These moves culminated in the 31.25% devaluation of the finnmark on Oct. 12. The deficit for 1967 was $162 million, a substantial improvement over the 1966 figure.

Reserves improve

The Finnish reserve situation has also improved. Reserve holdings almost doubled during the first quarter of 1968. An important element in Finland's current economic policy is the achievement of a more permanent equilibrium in the trade balance. This year, it is anticipated that exports will increase by about 7% while imports will be held at last year's level or even decrease slightly.

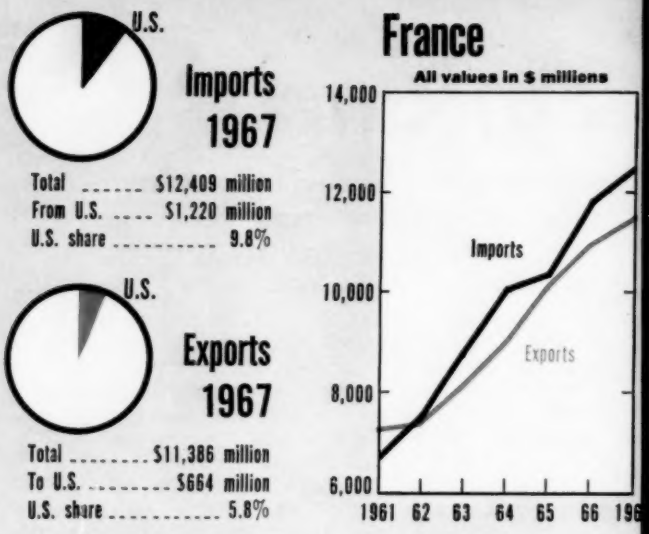
The U.S. export promotion program in Finland this year will be highlighted by an official exhibit at the Helsinki International Trade Fair Sept. 19-29. The U.S. pavilion will feature industrial equipment, instruments, and process control equipment. Previous U.S. shows at this biennial event in 1964 and 1966 were highly successful.

France

Losses due to general strike will keep 1968 U.S. sales below 1967 record

By ALEXANDER DAUMAN

European Division, BIC



French imports from the United States in 1968 will probably fall somewhat below their 1967 record of $1.2 billion, as a result of the recent general strike in France.

The nearly total paralysis of the French economy from May 15 to June 7 caused huge losses in output of industrial goods and services and disrupted the flow of foreign trade. All of these losses cannot be fully made up by the end of the year.

The rise of the French gross national product for 1968 is presently estimated at about 3 to 4% in real terms—an increase of 5.4% was expected before the strike erupted. In 1969-70, however, an annual growth rate of about 6% appears feasible.

Recent French official statements indicate that the Government plans to pursue a policy of economic expansion. Essential elements of that policy will be a continued export drive and the improvement of productivity through investment. A commitment was also made to limit price rises expected to result from the general wage increases granted in settlement of the strike.

The Government has indicated that the recently imposed exchange controls will be lifted as soon as the situation permits. The controls do not restrict transfers of earnings from investment in France and of payments for merchandise and services.

The Government has also announced the July 1 imposition of quotas on imports from all sources of automobiles, trucks, refrigerators, washing machines, cooking ranges and certain steel and textile products. These products are usually imported in large quantities from the other Common Market countries. The quotas will somewhat limit the increase in French 1968 imports. They will be discontinued on Nov. 1 for motor vehicles and on Dec. 31, '68 for other products.

The developments of demand and supply factors in the next few months are difficult to predict. A substantial acceleration of private consumption should result from wage increases, but a continued rise in investment will greatly depend on businessmen's confidence in future stability and on the availability of capital.

French exports should resume their upward trend, but increased French prices may temper their advance. Industrial production may expand moderately. Utilization of unused capacity and recent gains in productivity should help absorb the boost in labor costs.

Inflationary pressures will develop, nevertheless, and create opportunities for U.S. exporters in the second half of 1968. Imports will be further enhanced by the elimination of residual intra-EEC customs duties as well as by substantial reductions of French tariffs on imports from non-EEC countries on July 1. The latter will reflect the alignment of the French external tariff with the Common External Tariff of the EEC and the implementation of the first two fifths of the nation's Kennedy Round tariff reduction.

These changes will improve the competitive position of many U.S. products in the French market, and provide an added incentive to French distributors of those U.S. products which are already competitive there.

French imports from the United States of $1,220 million in 1967 rose only 2% over 1966. During the first quarter of 1968 they declined to $335 million, or 2% below the first quarter of 1967. This slight decline partly reflected a steep increase in imports from the United States in March 1967.

French exports to the United States of $664 million in 1967 were virtually at their 1966 level, but they climbed during the first quarter of this year to $197 million, up by 30% over Jan.-Mar. 1967.

CHIEF FRENCH IMPORTS FROM U.S.: machinery, scientific instruments, chemicals, feedstuffs, grain, coal, aircraft. CHIEF FRENCH EXPORTS TO U.S.: steel, machinery, alcoholic beverages, textiles and clothing, automobiles, nonferrous metals, aircraft.

In the next few months, French imports from the EEC and other nearby European countries will probably rise faster than imports from the United States, partly because traditionally the United States exports few consumer goods to France. The latter will be in particular demand as the French workers are gaining a wage rise of some $3 billion and additional social benefits.

Longer-term prospects for expansion of U.S. exports to France seem to be favorable, however. Particularly good opportunities will develop for U.S. technologically advanced equipment and labor saving devices, which French industry and agriculture will seek in order to become more efficient. Accordingly, the Department of Commerce plans to strengthen its export promotion efforts in France.

The French have recently made substantial progress in productivity through massive investment. Private outlays on plant and equipment increased by 6.3% in 1966 and by 7.3% in 1967. Government investment rose respectively by 10.2% and 8.1%. Reportedly the average per unit production cost in France remained stable in 1966 and probably declined in 1967. These gains became especially apparent during the first quarter of 1968 when industrial production rose at an annual rate of 9% while employment continued to decline.

Nevertheless, numerous French firms, especially very small enterprises, may face serious difficulties. The lack of capital is expected to be a principal problem in France. The Government has taken measures to provide working capital to firms experiencing difficulties in the aftermath of strikes. Additional measures are planned to assist companies in merging into larger units.

Germany

Economy continues to pick up speed; nation has world's top trade surplus

By PATRICK T. O'CONNOR

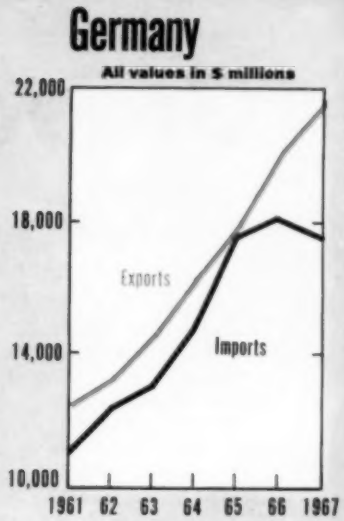
European Division, BIC

Imports 1967

Total ..... $17,546 million
From U.S. ..... $2,139 million
U.S. share 12.2%

Exports 1967

Total ..... $21,761 million
To U.S. ..... $1,966 million
U.S. share 9%



Most of the recent economic indicators permit the conclusion that the German economy has definitely shaken its recession and has resumed self-sustaining growth.

For the year past exports had been the sole dynamic factor, while declining imports, (including those from the United States) reflected the stagnation of domestic demand. With the prospect for considerable expansion of domestic demand coupled with policy measures designed to reduce the excessive trade surplus, the German import picture appears much brighter and, in particular, opportunities for enlarged U.S. exports to Germany are greatly improved.

All industrial indices—orders, production, employment—continued rising through the first four months of 1968. Production figures for March and April were actually higher than for the same months of 1966, when the German boom was still under way. Total new orders rose by 11% from January through April; domestic orders for the same period rose by 15%, eclipsing foreign demand.

In April the number of open positions exceeded the number of unemployed (1.6%) for the first time since late 1966. In May unemployment fell to 1.3%. Meanwhile, the number of foreign workers employed has increased by about 50,000 since January.

The government recently revised its estimate of the 1968 GNP growth rate upwards to 5% in real terms and 6.8% in current prices. The Economic Minister has proposed that growth rate targets in the government's medium-range financial plan also be revised upwards to an average of 4.5% in real and 6% in current prices for the period 1969-72. According to the latest figures, Germany's 1967 GNP was $120.9 billion. Estimates of the 1968 GNP range from $128.4 to $130.5 billion.

Confidence is high

General business confidence remains at a high level. Despite some weakness in the construction sector and hesitancy in consumer demand, the overall outlook is positive. Construction, stimulated by the more than $1 billion provided for by the second counter-cyclical program, is expected to swing up sharply during the warmer months.

The very high number of bookings for summer holidays (with expensive foreign tours in strong demand) is an indication that consumers are finally shaking off the psychological effects of last year's recession.

After some fluctuations at the beginning of the year following the introduction of the added-value tax, prices once again stabilized. Net prices have generally tended to decrease in trade, including foreign trade, and industry. True price changes are still difficult to compare because net prices prior to Jan. 1 included the old cascade turnover tax.

During the first quarter of 1968, total German imports rose by 15.5% and exports went up 12.3% in comparison with the first quarter of 1967.

Imports from the United States, however, rose by only 6.7%, while German exports to this country rose by a startling 50.7% over the first quarter 1967 level. This dramatic rise was artificially spurred by fears of proposed U.S. protectionist legislation and by stockpiling on the part of U.S. firms as a hedge against the threatened August steel strike. The bulk of the increase was accounted for by automobiles, rolling mill products and nonferrous metal semi-manufactures.

The United States' 1968 first quarter trade deficit with Germany was $150 million, according to official German figures, as compared to a 1967 first quarter surplus of $40 million. Because of the special factors influencing our first quarter trade, it is anticipated that trade will resume a more traditional pattern in the remaining months of 1968.

CHIEF GERMAN IMPORTS FROM U.S.: aircraft, electrical equipment, edible fats and oils, hard coal. CHIEF GERMAN EXPORTS TO U.S.: automobiles, machinery, electrical equipment, rolling mill products, chemical products, optical and precision instruments.

In 1967 German world exports rose 8% (to the United States: up 9.5%) while world imports dropped by 3.4% (from the United States: down 6.8%). The 1967 U.S. share of the German import market was 12.2% (1966: 13%).

Four highly significant changes in trade regulations took effect on July 1:

- The value-added tax on most transactions was raised from 10% to 11%;
- The German national tariff schedule was replaced by the Common External Tariff (CXT), a common tariff schedule covering imports from third countries into any of the six EEC nations;
- All remaining tariffs on goods moving between the EEC partners were abolished at the same time, and
- The first two stages of the tariff reductions agreed to in the Kennedy Round went into force.

These first Kennedy Round cuts are especially significant for U.S. exporters to Germany because many major export items now enjoy lower duty rates. Three further reductions will take place in the coming years, with Jan. 1, 1972, set as the target date for final completion of all the agreed-upon cuts.

Germany's trade surplus in 1967 was $4.2 billion. It now appears that Germany will have another large trade surplus in 1968, perhaps in excess of $3 billion. Much of the surplus will be drained off in the form of capital exports as occured in 1967.

Informal government estimates call for a 10.6% growth in imports for 1968, although other informed sources look for a somewhat higher increase in view of Germany's position as the world's leading surplus nation.

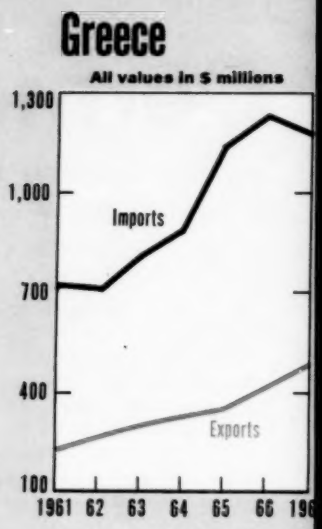
Greece

Slight easing of fiscal, monetary policies stimulates import demand

By ARTHUR LAEMMERZAHL
European Division, BIC

Total ..... $1,186 million
From U.S. ..... $99 million
U.S. share 8%

Total ..... $495 million
To U.S. ..... $65 million
U.S. share 13%



The United States will probably not fully share in the expected 1968 growth of Greece's imports. Imports are expected to rise significantly over 1967, a year of practically no increase in imports; and exports are expected to be about the same as in 1967, a year in which exports increased substantially.

A slight liberalization of the Government's fiscal and monetary policies at the beginning of the year has stimulated the demand for imports. However, the decreased dependence on the United States as a supplier of agricultural goods (because of increased domestic production) in addition to the fact that no major U.S. investment project is presently under construction in Greece, indicates that no expansion in the U.S. share of the Greek market is likely this year.

Gross national product rose by 4.5% in 1967 (at constant 1958 prices), a slight reduction from the buoyant growth of previous years, but not discouraging in the light of other developments during the year. Some slowdown had already been predicted for 1967 because of the completion of major investment projects.

In addition, certain reforms, including tax reforms, had a restraining effect on the economy, and a fairly tight monetary policy was instituted under the new Government. A modest easing of fiscal and monetary restraints as well as a moderate improvement in the foreign investment picture should raise the GNP growth rate somewhat, but probably not as high as the 8% called for by the current five year plan.

Spotty outlook

The business outlook is mixed. A positive indication is the decision of some of Greece's major shipowners to relocate their headquarters in Greece in response to an appeal by the Greek Government. On the other hand, the 21% drop in earnings of one of Greece's major industries and foreign exchange earners—tourism—during the first four months of 1968, following the decline registered in 1967, does not help business confidence.

Overall, the impact of the individual Greek businessman's outlook may not be as important as that of the potential foreign investor. The few Greek businessmen able to marshal the resources for large-scale investments appear quite bullish in their evaluation of Greece's economic prospects.

Despite the lower tariffs applied on goods originating in the Common Market, and the price advantage enjoyed by British goods since devaluation, the recent drop in the U.S. share of the Greek Market does not appear to stem from this price competition. Greek purchasers tend towards conservative buying habits, and will often seek out the quality U.S. product even if its price is necessarily higher.

The chief reasons for the drop in our share of market are, as indicated above, less demand for agricultural products because of increased domestic production, and decreased demand for capital goods because of a slowdown in the level of activity by U.S. investors in Greece.

Hardly changed

Overall imports changed hardly at all from 1966 to 1967—from $1,130 million to $1,134 million, while imports from the U.S. decreased from $124 million to $99 million. Capital goods imports from the U.S. declined by 17%, food grains by 55%, and chemicals and fertilizers by 17%. Imports of iron and steel from the United States grew by 69%, pharmaceuticals by 12% and paper and pulp by 58%.

The net effect of various measures taken in the field of tariffs and trade regulations in recent months does not appear either favorable or unfavorable.

The most serious problem of the moment appears to be that faced by U.S. exporters of frozen chicken. With poultry being dumped by Western European suppliers, the Greeks have imposed countervailing duties on all chicken imports, effectively cutting off the import of higher-priced U.S. chickens.

CHIEF GREEK IMPORTS FROM U.S.: foodstuffs, industrial machinery, transport equipment. CHIEF GREEK EXPORTS TO U.S.: tobacco, beverages, olives, furs, minerals.

U.S. goods preferred

The best opportunities for this year appear to be in the field of Greek Government-sponsored projects. The investment budget has been expanded, and ambitious plans for improvements and new construction in infrastructure have been announced (See INTERNATIONAL COMMERCE, May 6).

Aggressive sales efforts are required. Financing remains an important consideration in Greek buying decisions, and U.S. exporters are urged to consider the use of FCIA guarantees and medium-term Eximbank supplier credits as appropriate.

Greece's balance of payments deficit on current account increased from $74 million in the first four months of 1967 to $112 million in the first four months of 1968. The disappointing decrease in tourism and the 18% drop in emigrant and worker's remittances was partly offset by a very satisfactory 18% increase in shipping earnings (including Greek-owned ships under flags of convenience, the Greek merchant fleet is now the world's largest). However, the merchandise deficit increased by about 13%.

In the same time period, net capital inflow rose from $47 million to $70 million, but this includes a very large increase in supplier credits of $30 million, a good portion of which represents matured credits which were extended. Official gold and hard currency reserves stood at $260.5 million at the end of April, a drop of $25.4 million since the beginning of the year.

Italy

Robust economy expected to have still another record trading year

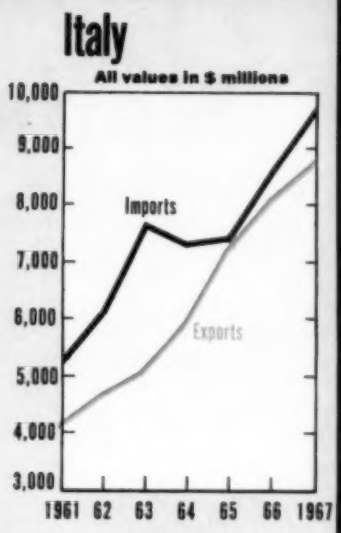
By RAYMOND R. RIESGO
European Division, BIC

Imports 1967

Total ..... $8,697 million
From U.S. .... $1,025 million
U.S. share 10.6%

Exports 1967

Total ..... $8,702 million
To U.S. ..... $863 million
U.S. share 9.9%



Italian foreign trade will undoubtedly again set new records in 1968 as the economy continues to show signs of steady dynamic growth. Industrial output in the first four months of this year was up more than 4% over the same 1967 period, investment is buoyant, and consumer demand is expected to remain strong. Tourism receipts are up, employment is expanding and agricultural prospects are favorable. The vigorous growth has not been accompanied by any undue pressure on prices.

Gross national product last year reached $67 billion, registering a real gain of 5.9%, slightly more than the rate of 5% called for under the 1966-70 Economic Plan. This year's growth rate is expected to be in line with the target.

Although there has been a legislative hiatus after the general election in May, and while it has taken time to form a new government, business appears confident that the general level of activity will hold. The new Parliament will face a heavy work schedule with a number of important bills up for consideration. In the economic area, the bill providing for the changeover to the tax on value-added and other fundamental reforms of the Italian tax system is of major significance.

Final figures for 1967 show that Italy's imports advanced by almost 13% to $9.7 billion, while exports grew by 8.3% to $8.7 billion. The resultant trade deficit was almost double the $550 million of the preceding year.

U.S. drops to third

The Federal Republic of Germany continued to be Italy's leading supplier, with 17.4% of the market. France moved up to take second place from the United States, which dropped to third. Overall, the EEC countries accounted for 35% of Italy's total imports, a gain from the preceding year.

Trade with Eastern Europe expanded sharply, but the total value of Italian trade with this area is still relatively small.

The U.S. share of the market, according to Italian statistics, eased to 10.6%, as sharply lower deliveries of corn, coal and copper—three of our main traditional exports to Italy—were recorded. However, sales of cotton, computers, machine tools, scientific and precision instruments and jet aircraft advanced briskly.

Commerce Department data for the first four months of 1968 indicate that sales to Italy were up 9% over the same 1967 period, paced by shipments of aircraft and parts, chemicals, corn, and animal feeds.

Imports from Italy in the same period, however, registered a big 30% gain, as we purchased significantly larger quantities of footwear, clothing, industrial machinery and, as a result of changed distribution patterns caused by the Suez Canal closure, considerably greater amounts of fuel oil.

Duties cut

The tariff moves which took place July 1—final alignment by Italy and its Common Market partners to the Common External Tariff (CXT), the scheduled final elimination of tariffs on trade within the Community and the first stage of the Kennedy Round reductions—should offer U.S. exporters increased sales opportunities in Italy.

The structure of Italian tariffs as it existed up to July 1 was such that the final alignment to the CXT, combined with the Kennedy Round concessions, resulted in the lowering of a very considerable portion of duties on imports from the United States. This will help American exporters by narrowing the tariff advantage enjoyed by their Common Market competitors in selling to the Italian market.

Computers, machine tools, scientific and precision instruments, industrial process controls, pumps, compressors, chemicals and electrical apparatus and equipment are among the lines which should benefit from these developments.

CHIEF ITALIAN IMPORTS FROM U.S.: industrial machinery, coal, aircraft, soybeans, oil seeds, corn, cotton, chemicals, precision instruments. CHIEF ITALIAN EXPORTS TO U.S.: footwear, knitwear, industrial machinery, foodstuffs, office machines, beverages.

Tourism boost

The tourist industry, one of Italy's major foreign exchange earners, is expected to invest about $1.4 billion between now and 1972 to expand and modernize facilities and services. This should stimulate demand for a wide range of goods, including furniture, hotel and store fixtures, catering equipment, sound and heat insulating materials, plumbing, heating and airconditioning equipment, computing and accounting machines, communication equipment, sporting goods and gardening tools and equipment.

At the end of April, Italy's ample gold and foreign exchange reserves stood at just slightly under $6 billion.

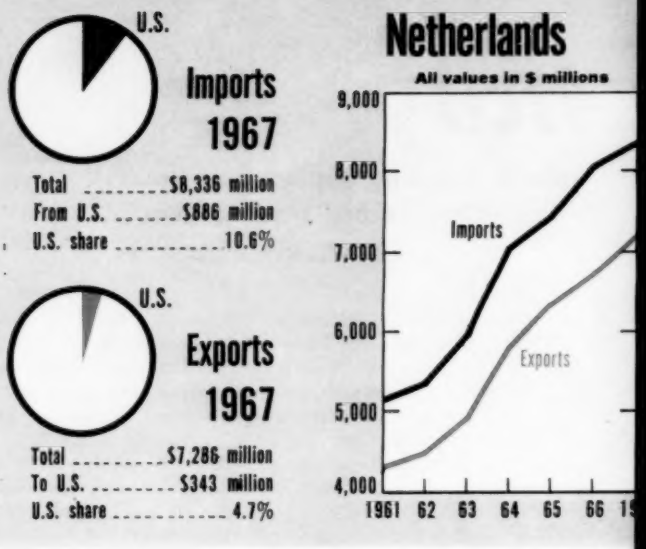
To enable American exporters to exploit the opportunities offered by the Italian market, Commerce's Bureau of International Commerce has scheduled the following exhibits at the U.S. Trade Center in Milan for the last six months of the year: Electronic and Electrical Characteristics Measuring Equipment, Sept. 1-8; Machinery, Controls and Materials for Manufacturing Plastic Products, Oct. 5-13; Industrial Process Controls and Computers, Nov. 20-26.

In addition, a major solo exhibit featuring U.S. water purification and desalination equipment will be mounted in Rome next February. This show—to be called PURAQUA—is designed to exploit the sales possibilities deriving from Italian programs for expansion of water resources.

Netherlands

Resilient economy resisted general European slowdown; import rise seen

By WILLIAM YETT
European Division, BIC



In 1967 the Dutch economy demonstrated its resilience by resisting the slowdown in growth experienced in large neighboring markets. In 1968 it is showing renewed vitality which will make it an attractive market for U.S. exports. Official Dutch projections call for a 6% rise in imports, in which the United States should fully share.

This expansionary outlook is based on an expected large growth in exports and a lesser, but still significant growth in private consumption. The mediocre outlook for private investment is the principal negative factor for U.S. exports, but will be more than compensated for by scheduled deliveries of commercial aircraft. Deliveries of bulk chemicals will also contribute to lifting U.S. sales to the Dutch to a record level.

During 1968 gross national product is expected to increase by 3.5% in real terms according to Dutch projections. In nominal value, GNP should be $24.3 billion in 1967. Industrial production is expected to increase 4% in 1968.

Inflation will continue to be an element of concern in the Dutch economy. Retail prices in 1968 are expected to rise 3%, compared to 3.5% in 1967. Inflation should not, however, affect Dutch exports. While a rise in labor productivity of 3.5% will generally act to retard inflation, wage increases granted so far this year appear to have more than offset this gain.

Should the situation deteriorate, the Dutch Government may introduce controls on wage settlements which were considered earlier but not adopted.

Total Dutch imports for 1967 were $8,351 million, 4% above 1966. With sales valued at $888 million, the U.S. share of the Netherlands market was 10.6%. This market share represented a decline from the 11.3% registered in 1966. While the decline was disappointing, it was not expected that the 1966 pace could be maintained. Dutch purchases of U.S. products rose 19% that year.

U.S. gains

First quarter 1968 trade data show Dutch imports were up by 13% over the like period of 1967, to a total of $2,307 million. The U.S. share rose from 10.3% to 10.8% and amounted to $250 million for Jan.-Mar.

The principal concern of the Netherlands during 1967 was the soft West German market, since over a quarter of their exports normally go to that country. However, the year ended with exports to the Federal Republic of Germany 4.7% above 1966.

Particularly good prospects are seen for such U.S. products as laboratory, testing, automation and control equipment; equipment for the chemical, petrochemical and petroleum industries; metering and control instruments for the natural gas industries; convenience and specialty foods; fastening, sealing and bonding equipment and supplies; casual clothing; copying machines; photographic equipment and supplies; and specialty paper, paperboard, and paper products.

The Netherlands' reserves of gold and foreign exchange at the end of 1967 stood at $2,266 million, 10.6% above 1966. Official projections call for a current account surplus of $138 million in 1968, compared to $55 million in 1967.

A new element of strength in the Dutch balance of payments is natural gas. The effect of export sales and displacement of imports of fuels is expected to total $180 million in 1968, twice the 1967 total.

CHIEF NETHERLANDS IMPORTS FROM U.S.: corn and other grains, aircraft and parts, oil seeds, animal feeds, non-electrical machinery, organic chemical products, electrical machinery, coal. CHIEF NETHERLANDS EXPORTS TO U.S.: electrical machinery, canned ham, sea-going vessels, office machines, flower bulbs, musical instruments and phonograph records, organic chemical products.

The Department of Commerce will sponsor an exhibition of products within the MACHEVO Fair at Utrecht Oct. 16-23 to show Dutch and other European buyers the latest and best U.S. equipment, apparatus and instruments for the chemical, petrochemical and pharmaceutical industries.

The economic slowdown in the Netherlands that began in mid-1966 reached its turning point by mid-1967. During that period the only principal indicator that actually turned downward was employment, which dropped by 1%. Production rose by 5.5% and productivity was up by 6.5%.

Unemployment down sharply

The employment situation has improved, with unemployment in May of this year standing at 56,100, a decline of 9% compared to April, and 4.4% compared to May 1967. As a percentage of the work force, May unemployment was 1.8%. Unemployment generally averaged 2% during most of 1967. Registered vacancies rose from 71,700 in April to 74,700 in May 1968.

The economic slowdown did, however, focus renewed attention on structural and regional weaknesses obscured by the previous boom conditions. Investment assistance was given to the textile industry. Another weak spot, shipbuilding, has prospered as orders increased in the wake of the Suez Canal closure following the Middle Eastern conflict in 1967.

The Dutch Government's budget deficit for 1968 is estimated at $718 million, an 8.3% increase over the projected 1967 deficit. Approximately $152 million of the 1968 deficit will be financed by short-term borrowing and to this extent it will be inflationary.

Norway

Economy still operating at high level, but industrial output may be slowing

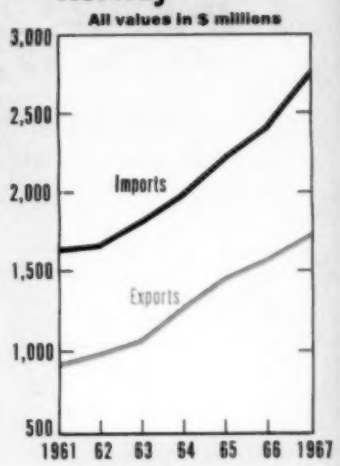
By GRANT O. OLSON
European Division, BIC

Imports 1967

Total ..... $2,766 million
From U.S. ..... $178 million
U.S. share 6.4%

Exports 1967

Total ..... $1,749 million
To U.S. ..... $142 million
U.S. share 8%



The Norwegian economy is operating at a high level with almost full employment of labor and capital. Industrial production, however, is reported to be showing some signs of slowing down. Private investment plans of Norwegian industry indicate only a modest increase in investments in machinery and equipment during 1968. The modest increase is attributed to the fact that many large industrial expansion projects were completed in 1967 and no large projects are scheduled for 1968.

The important merchant fleet is well employed at relatively favorable rates.

An extensive labor conflict appears to have been averted through the efforts of the Government mediator.

The gross national product (GNP) is forecast to rise by 4% in 1968 as compared with a 5.3% rise recorded for 1967. Production growth may be affected somewhat by a reduction in the workweek from 45 to 42½ hours effective July 1.

Norwegian businessmen are optimistic about trade during 1968. They realize, however, that Norway is heavily dependent on foreign trade and fluctuations on the world market are soon reflected in the country's internal economy.

Prices have tended to remain relatively stable. The wholesale price index has shown little movement. Consumer prices, on the other hand, have shown a tendency toward a slow but steady rise.

Sharp increase

New orders reported by Norwegian industry during the first quarter of 1968 show a sharp increase in orders from abroad for metal and engineering products. Domestic orders for engineering products dropped slightly. New orders received in the clothing and chemical industries were reported to be satisfactory but the textile industry hasn't fared as well.

Consumer demand continues to show a steady growth. Retail sales during the first quarter of 1968 were reported to be 3.3% higher than in the same quarter of 1967. The national budget forecast indicates a 3.5% rise in consumer demand in 1968.

Norwegian foreign trade continues to grow. Total imports during the first four months of 1968 were valued at $772 million (c.i.f. value). This figure excludes ship imports. It represents an increase of 5.7% over the same period in 1967.

Norwegian exports during the first four months of 1968 were valued at $616 million (f.o.b. value). This represents an increase of 10.8% over the like period in 1967.

Norway's imports from the United States during Jan.-April 1968 were valued at $63 million, an increase of 19.3% over the same period in 1967. Leading imports were: machinery and transport equipment ($18 million), chemicals ($7 million), grains ($8 million) oilseeds, nuts and kernels ($5 million) and fuel oil ($5 million).

Norway's exports to the United States in 1968 were valued at $52 million for the first four months of the year. This represents a slight drop in exports (1.3%) as compared with the same period in 1967.

As a result of Norway's participation in the Kennedy Round of tariff negotiations the first reduction in Norway's tariff concessions took effect on July 1. The liberal treatment of industrial imports (no licenses being required) and the tariff reductions offered under the concessions granted in the Kennedy Tariff Round are of advantage to U.S. exporters entering the Norwegian market. An added advantage is that under Norwegian tariff regulations machinery of a type not manufactured in Norway may be granted duty-free entry. Industrial raw materials as a rule enter duty-free or they may be permitted to enter at a lower rate than that stipulated in the Customs Tariff Schedule.

CHIEF NORWEGIAN IMPORTS FROM U.S.: machinery, transport equipment, grain, oil seeds, fruits and vegetables, chemicals, petroleum products, tobacco. CHIEF NORWEGIAN EXPORTS TO U.S.: metals and metal manufactures, fishery products, hides and skins, fertilizers, machinery.

Demand for advanced labor saving machinery and equipment is expected to remain strong because Norwegian industry is faced with growing production costs and sharpened foreign competition, especially from producers in other EFTA member countries whose industrial products now enter duty-free. Other U.S. products which may find an improved outlet in Norway are process control equipment, physical research and analytical instruments, anti-pollution equipment, leisure time equipment of various kinds and teen-age clothing.

Fewer ship imports

The anticipated reduction in the import of ships, improved exports and continued favorable developments in merchant ship earnings have caused a change in Norway's balance-of-payments estimate for 1968. The estimated deficit on current account for 1968 was first placed at $168 million. This figure has been recently reduced to $91 million.

Smaller net long-term capital inflows are expected in 1968. This reduced inflow is due to a lower level of ship imports, which are largely financed abroad, the impact of U.S. balance-of-payments measures on the foreign lending by U.S. banks and a reduction in direct investment in Norway following the completion of several large foreign-financed industrial projects.

The U.S. Trade Center in Stockholm is growing in value as a vehicle for U.S. exporters to expand their sales in Norway. There are indications of a growing interest on the part of Norwegian businessmen in shows being held at the Trade Center.

Spain

Business confidence returning as slump ends; exports trimming trade deficit

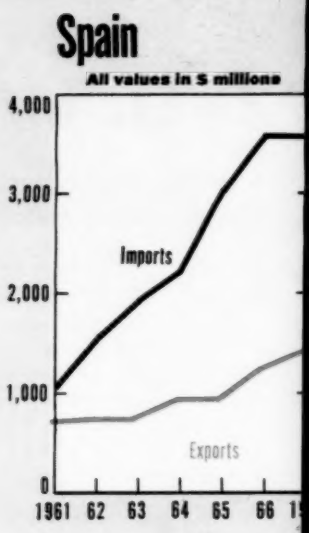
By RICHARD HUMBERT
European Division, BIC

Imports 1967

Total ..... $3,531 million
From U.S. ..... $593 million
U.S. share 16.8%

Exports 1967

Total ..... $1,411 million
To U.S. ..... $206 million
U.S. share 14.2%



U.S. exports to Spain through the end of the year should show a slight increase over 1967. Preliminary data indicate that through May, Spain's imports from the United States rose 7% over the same period last year to $267 million, accounting for 18.3% of the market.

The necessary revamping of the second four-year development plan (1968-71) resulting from the devaluation and austerity program, and implementation of the U.S. balance of payments measures, contributed to investor uncertainty over the last six months. However, there appears to be general agreement in the business community that the bottom of the present recession has been reached.

The devaluation has helped trim the trade deficit, thanks to a 29% increase in exports; this, coupled with a 10% rise in tourists from November to March, helped cut the loss of reserves to $36 million (compared to $183 million in 1966/67).

Loan applications are increasing again, and credits granted by private banks were 40% higher in March than last year. Unemployment, which had risen to 2.6% in February, was down to 1.4% in June.

The immediate business outlook is promising if the trade deficit can be trimmed, tourist entries continue at high levels, and if higher wholesale prices recorded since the devaluation (up 4.5%) are not reflected too soon in retail prices.

In the second half of 1967, industrial production decreased considerably so that GNP rose only 3.5% in real terms last year to $21.9 billion. Per capita income rose 3.2% to $682. Owing to the slow pace of economic activity in the first six months of 1968, GNP is expected to increase only 3% in real terms.

The United States remained Spain's principal foreign supplier, accounting for 16.8% of total imports—$584 million, a 4% drop from 1966.

Opportunities will be excellent for exports of certain food products (soya beans and corn), possibly breeding cattle; all types of machinery and capital equipment, notably for the agricultural and food processing sectors; consumer goods and equipment for the tourist industry.

The Department of Commerce is supporting an America Week promotion in October by one of Madrid's leading department stores featuring a wide variety of merchandise.

The outlook for tourism in 1968 is from cautious to good. Barring any unforeseen complications arising out of the recent French crisis, the Ministry of Information and Tourism expects about 18.4 million visitors, as entries were up 10% during the first quarter. Last year about 17.8 million tourists came to Spain, and revenue was about $1.1 billion.

Because of the economy's dependence on tourism, the Government can be expected to continue granting credits for the building and modernization of accommodations. There are at present about 385,000 hotel beds available in Spain, and continued expansion can be expected. To this end, about $625 million will be invested over the next ten years in the coastal area between Malaga and Gibraltar, as part of the Costa del Sol Tourist Trade Promotion Plan.

Payments deficit trimmed

If present expectations for tourism are realized, revenues would amount to close to $1.4 billion, enough to offset significantly the large trade deficits incurred in recent years. In 1967, Spain's imports fell 3% to $3,484 million, while exports rose 10.4% to $1,384 million.

Despite such a large import surplus, the payments deficit was held to $125 million, a sizeable reduction from the $203 million deficit recorded in 1966. At the end of March, Spain's reserves of gold and foreign exchange had fallen slightly from the end of 1967, and stood at $977 million, of which 80% were composed of gold.

Over the last few months the continued reduction in internal demand has resulted in greater pressure for protection from import competition. Should exports and tourism fall off from current expectations, it is possible that the Government will impose selective administrative restraints on the flow of imports.

Over the long term, however, U.S. exporters should continue to watch closely the Government's development program. If approved in its present form, the Second Economic and Social Development Plan would provide for a 5.5% annual increase in GNP at constant prices. The following annual increases would also be achieved: imports, 6.8%, exports, 11.8%; private consumption, 4.5% and public consumption, 3.4%.

The revised draft of the Plan has yet to be submitted to the Economic Council, the Cabinet and the Chief of State before it can be approved by the legislature.

The Plan is expected to emphasize the modernization and restructuring of enterprises and services, education and training, and agriculture. The Plan would call for a 4.8% annual average increase in productivity accompanied by a 2% decline in the labor force.

Last year, surpluses of wheat and wine were recorded, while production of staples was insufficient to meet increased demand brought about by the tourist trade and rising Spanish consumer demand. About $550 million will be invested in agriculture with another $760 million earmarked for irrigation, including some important water diversion projects.

CHIEF SPANISH IMPORTS FROM U.S.: olives and olive oil, footwear, textile and leather, machinery, wines, clothing, chemicals, metals, office machinery, furniture and travel goods.

Sweden

Government economic measures expected to improve prospects for U.S. goods

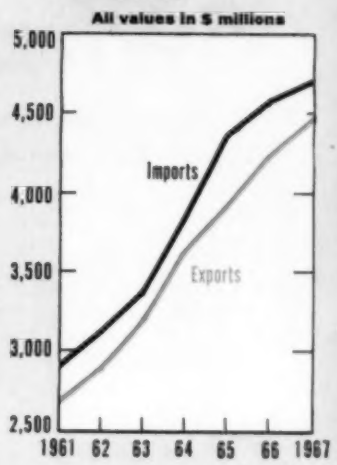
By GRANT O. OLSON
European Division, BIC

Imports 1967

Total ..... $4,700 million
From U.S. ..... $434 million
U.S. share 9%

Exports 1967

Total ..... $4,500 million
To U.S. ..... $330 million
U.S. share 7%



Preliminary Swedish foreign trade statistics show that imports from the United States during the first quarter of 1968 totaled $124 million, an increase of 17% over the first quarter of 1967.

The Swedish Government has taken a number of measures to stimulate economic growth. These measures tend to make the outlook for a continued strong demand for U.S. goods relatively favorable.

Among the measures taken by the Swedish Government to counteract a slowdown in economic activity, which became evident towards the end of 1967 are: release to private companies of investment funds held in blocked accounts of the Central Bank, subsidizing industries in depressed areas, instituting additional programs to retrain the unemployed, speeding various kinds of Government purchases, including military procurement, and increasing expenditures for public construction.

Many of these measures were taken to combat unemployment which at the end of 1967 had reached 2.5% of Sweden's insured workers, the highest level of unemployment Sweden has experienced since the 1950s'.

In May the Government revised upwards its forecast of economic growth during 1968. In the official forecast issued at the beginning of 1968 the gross national product (GNP) was expected to rise by 3.5% during 1968. The May forecast changed this growth rate to 4%. This improved forecast is attributed chiefly to stepped up spending by the central Government.

First quarter reports indicate improved industrial production and a stronger demand for Swedish goods at home and abroad. A Feb.-March survey conducted by the Central Bureau of Statistics indicates that investment in plant in 1968 is contemplated at about the same level as in 1967. Investment figures for machinery and equipment indicate a decline in expenditures. The survey shows that industry plans to purchase machinery and equipment to a value of $750 million. In 1967 expenditures of $800 million were reported.

The replacement of the current general sales tax by a value-added tax to become effective Jan. 1, 1969 has been cited as an important factor governing investment plans of Swedish industry. Under the new value-added tax which has just been passed by the Swedish Parliament, investment goods will receive more favorable tax treatment than under the present general sales tax. At the same time as the value-added tax goes into effect (the rate remains the same as that of the general sales tax) a payroll tax of 1% will be levied. It is anticipated that the payroll tax will influence Swedish industry to increase investment in labor-saving equipment.

Industrial production during the first quarter of 1968 showed a moderate improvement over the same period in 1967. Improved foreign demand for such key export commodities as iron ore, iron and steel, timber products, paper, and transport equipment influenced the production index for the first quarter. New orders appear to be flowing in, especially to shipyards. Recent orders for ships from foreign buyers have assured important shipyards of employment through 1969.

Swedish foreign trade showed marked improvement during the first quarter of 1968. Total imports were valued at $1.3 billion, an increase of 8% over the same period in 1967. Total exports were valued at $1.2 billion during 1968 an increase of 11% over the first quarter of 1967.

CHIEF SWEDISH IMPORTS FROM U.S.: non-electrical machinery, transport equipment, electric machinery, foodstuffs, chemicals, instruments, tobacco, cotton. CHIEF SWEDISH EXPORTS TO U.S.: motor vehicles, machinery and equipment, nonferrous metals, wood pulp, paper and board, furs.

Increased trade with both the EFTA and EEC areas contributed to the improvement in Swedish foreign trade.

Imports from the United States showed increases in most categories of goods with the most significant increases recorded in the machinery and equipment category. Swedish imports of scientific and professional instruments also continued to increase.

Sweden's gold and foreign exchange holdings have tended to grow during the first four months of 1968, after recording a decline during the last four months of 1967. At the end of April, the National Bank's holdings of gold and foreign exchange amounted to $770 million. This amount is sufficient to cover two months imports.

Prices in Sweden have remained relatively stable. The wholesale price index was 180 in April (1949 = 100). It has stayed close to this level throughout the first four months of this year. Import prices showed the first significant drop in April when the index fell 4 points to 135. The export price index indicates that export prices have remained relatively stable.

Consumer prices have shown a steady rise since the end of 1967. The index reached 215 (1949 = 100) in April. In January this index was recorded at 213.

U.S. firms participating in shows held at the U.S. Trade Center in Stockholm so far this year have found new agents for their products not only in Sweden but also in the other Nordic countries. The Trade Center has scheduled the following shows for the rest of the year: Printing and Bookbinding Equipment (Sept. 18-24), Industrial Fasteners (Nov. 6-12), and Metallurgy '69-Metals Engineering (Dec. 6-10).

Switzerland

Quickening demand for consumer goods should help stimulate import totals

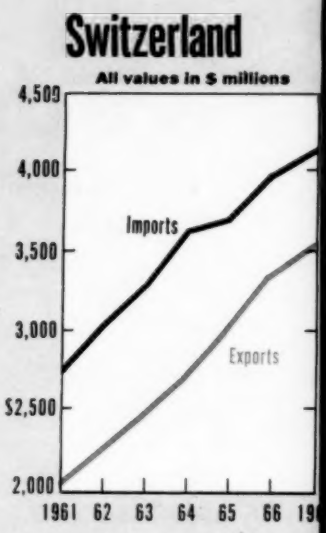
By GAIL VAN KEULEN
European Division, BIC

Imports 1967

Total ..... $4,129 million
From U.S. ..... $337 million
U.S. share 8.1%

Exports 1967

Total ..... $3,529 million
To U.S. ..... $363 million
U.S. share 10.2%



Stimulated by a recent strong increase in economic activity in Switzerland, imports from the United States should enjoy a healthy rise during coming months.

A rise in consumer demand, together with a quickening export demand, will continue to spur Swiss economic growth with a resulting increase in imports.

However, a continuing limited labor supply will be a moderating factor in the anticipated economic expansion.

Switzerland's gross national product in 1967 amounted to $15.7 billion in current prices, representing a growth of only 1.7% in real terms. This reduced level was due primarily to a continuing tight labor market, as Switzerland enters the fifth year of stringent government controls on the number of foreign workers in the country, as one of the measures designed to overt overheating of the economy. A further 5% reduction in the foreign labor force is scheduled for 1968, indicating continuing labor shortages. However, the rising demand currently in prospect should lead to better use of technical capacities, and will induce investment in improving productivity. The rate of GNP growth should be considerably better than last year.

The attitude of Swiss businessmen also reflects optimism and confidence. Following a steady decline since 1965, a sharp revival in industrial investment became evident in the fourth quarter of 1967, and indications are that it will continue throughout the rest of the year.

Slower price rises are also contributing to the optimism of Swiss businessmen. The consumer price index rose by 4% in 1967, compared with 4.7% in 1966. The wholesale price index rose by merely .3% in 1967.

Overall trade gains

Swiss foreign trade was up for 1967, for both imports and exports, but the gains were below those registered in 1966.

Total Swiss exports for 1967 were $3,529 million, up 6.8% as compared to an increase of 10.4% during 1966. Total imports in 1967 amounted to $4,130 million, representing a growth rate of 4.6% compared with the rise of 6.8% for 1966.

Swiss imports from the United States dropped slightly during 1967, both in total value and in market share. U.S. sales to Switzerland totaled $357 million in 1966, and the U.S. share of the Swiss market was 9%.

In 1967, the value of U.S. sales dropped to $340 million, representing an 8.1% share of the Swiss market. With the U.S. a prime supplier of industrial equipment to Switzerland, this decrease largely reflects the reduced rate of Swiss industrial investment during 1967. In addition, U.S. sales of aircraft during the year were considerably less than expected.

The slight decline in U.S. exports to Switzerland during 1967 has been reversed. Improvement became noticeable late in 1967 and has continued thus far in 1968, with Swiss purchases of U.S. goods for the first quarter amounting to $102 million, 21.3% above the same period in 1967. The U.S. share of the Swiss market has jumped to 9.5%.

This increase for the United States is largely reflective of the revival in Swiss industrial investment. The level of capital goods imports, which declined by 3.4% during the first nine months of 1967, rose by 7.8% in the fourth quarter and jumped up 15% during the first two months of 1968.

The expected rise in investments should result in a substantial increase in U.S. machinery exports to Switzerland during 1968. Prospects are promising for such items as refrigeration and air conditioning equipment for commercial and industrial application, industrial electronic components and printed circuits, materials handling equipment, specialty machine tools, assembly line and automatic transfer equipment, technical instruments, and chemicals for the paper and textile industries.

CHIEF SWISS IMPORTS FROM U.S.: aircraft and parts, electronic tubes, tobacco, passenger automobiles, communications equipment, business machinery, electronic measuring equipment. CHIEF SWISS EXPORTS TO U.S.: non-electrical machinery, watches, chemicals, apparatus and instruments, textiles, food specialties.

Consumer demand rising

Imports of consumer goods recorded an unusually fast growth of 10.3% in 1967 and should continue to increase in 1968 as the Swiss consumer turns towards increased spending on luxury items. Consumer products in demand include packaged foods, sports footwear, power hand tools, do-it-yourself items, cosmetics, sporting and athletic goods including pleasure boats and accessories, and novelty gadgets of all sorts.

Department of Commerce promotions in Switzerland this year include a tentatively scheduled exhibit at INEL-69, an industrial electronics exhibit scheduled for Mar. 4-8, 1969. The possibility also exists for Commerce participation in "Nuclex", a nuclear industries fair, scheduled for Oct. 6-11, 1969.

The Swiss have traditionally maintained low tariff rates on non-agricultural imports. About 2% of Swiss imports have duties of 12-15%, while 55-60% of imports are dutiable at 5% or less. Results of the Kennedy Round negotiations, in which Swiss tariff cuts averaged 35%, offer further opportunities for U.S. exporters, especially on consumer items where demand is very closely related to price.

United Kingdom

Series of Government measures enacted to preserve benefits of devaluation

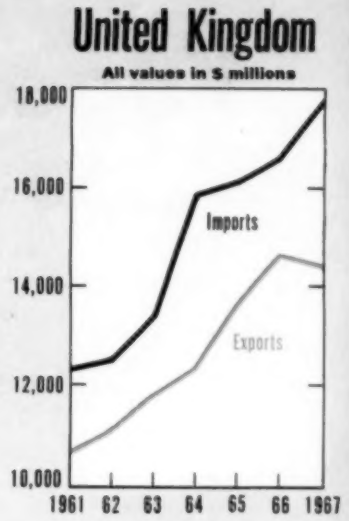
By PAUL A. NORLOFF
European Division, BIC

Imports 1967

Total ..... $17,815 million
From U.S. ..... $2,243 million
U.S. share 12.6%

Exports 1967

Total ..... $14,397 million
To U.S. ..... $1,761 million
U.S. share 12.2%



U.S. exports to the United Kingdom in 1968 should exceed the 1967 level, with the increases divided between industrial raw materials and advanced industrial machinery and equipment.

The basic economic aim of the British Government throughout 1967—rationalizing and expanding industrial production for exports—was reinforced by measures introduced in the March budget which aimed at reducing domestic demand, thereby freeing resources for exports.

These measures, which included a ceiling of 3½% on wage and price increases, higher indirect taxes on many consumer goods, an increased Selective Employment Tax, higher motor vehicle license fees, and a special one-year tax on unearned income, rounded out the post-devaluation program and signaled the government's determination to make devaluation work.

The reduction of domestic demand is not likely to have a significant overall effect on imports from the United States, however, since consumer goods make up only a small proportion of these. Actually, a steady expansion in U.K. production for exports will continue to require substantial imports of advanced U.S. industrial machinery and equipment often unavailable elsewhere, plus increased purchases of U.S. industrial raw materials. Thus, efforts to reduce the level of overall imports by dampening domestic demand or exhortation for import substitution are not likely to affect imports from the United States seriously.

The gross national product, which grew by about 1% in 1967 to over $95 billion, is expected to expand by 3 to 4% during 1968. The balance of payments, originally expected to move into surplus in the latter half of 1968, is now generally projected to produce a surplus of between $700 and $1,000 million in 1969, and a probable 1968 deficit of about $800 million, compared with a deficit of close to $1,300 million in 1967.

The principal factor involved here is that while exports have been showing new strength since the devaluation, imports have continued to rise beyond original expectations and substantial monthly payments deficits have remained longer than expected.

On the domestic market, import prices rose by almost 10% in the five months following devaluation, and are still rising, possibly to reach 14% by the end of the year. Labor costs over the same period rose by more than 3%, as did wholesale prices on the domestic market.

U.K. imports during the first four months of 1968 reached almost $6,331 million, an increase of about 5.6% over the comparable period in 1967 in terms of dollars (and of 23.2% in terms of sterling, reflecting the Nov. 1967 devaluation).

Major increases in imports occurred in such product categories as transport equipment, which rose 36.4% to $191 million; non-ferrous metals up 35.2% to over $471 million; tobacco, 20.4% to $75 million; clothing, 14.6% to $88 million; electrical machinery and appliances, 13.4% to $185 million; textiles, 13.3% to $194 million; petroleum 11.1% to $704 million. Non-electrical machinery increased by 3.8% to $502 million.

British imports of U.S. products in the first four months of 1968 increased 7.4% to over $785 million. The U.S. share of the British import market climbed to 12.4% for the Jan.-Apr. period, compared with 12.2% for the same period in 1967. The continuation of this trend should put the U.S. share of U.K. imports over what it was in calendar 1967, reaching perhaps about 13%.

CHIEF U.K. IMPORTS FROM U.S.: cereals, tobacco, textile fibers, chemicals, machinery, transport equipment, scientific instruments, petroleum and nonferrous metals. **CHIEF U.K. EXPORTS TO U.S.:** Scotch whisky, textiles, iron and steel products, machinery and transport equipment.

Individual imports from the United States which showed substantial growth (percentage increases in parentheses) during the first four months of 1968 were: electrical machinery, $66.1 million (12.5%); transport equipment, primarily aircraft, $75 million (62.3%); and nonferrous metals, about $43 million (9.4%).

Other products which also showed increases included: non-electrical machinery, $158.4 million (1.4%); and professional and scientific equipment and apparatus, $28.8 million (1.3%).

Best sales potential

Product categories offering good sales potential for U.S. exporters include technologically advanced equipment in the areas of precision machine tools, general industrial equipment, industrial process controls, electronic instruments and components, and scientific and other technical equipment.

The exploitation by the British of natural gas deposits in the North Sea should continue to offer excellent opportunities for all types of gas transmission and utilization equipment.

Exhibits scheduled for 1968/69 at the U.S. Trade Center in London include nuclear instrument systems and components, automotive service equipment, and aviation communication equipment. Other probable Trade Center themes are information display equipment, fluidics and related electronic components, energy cells, metrology equipment, and shipbuilding equipment.

Yugoslavia

Liberal trade policy to be continued despite growing foreign trade deficit

By BRANT FREE
European Division, BIC

Imports 1967

Total ..... $1,708 million
From U.S. ..... $124 million
U.S. share 7%

Exports 1967

Total ..... $1,253 million
To U.S. ..... 580 million
U.S. share 6%

Yugoslavia's foreign trade will probably make a modest growth during the remainder of 1968. In the face of a growing adverse trade balance, demands for protection of domestic goods have intensified. However, it is doubtful that the Yugoslavs will make any major move away from their liberal trade policy.

Agriculture was first among export industries in 1967, and the growing trade deficit in 1968 reflects the impact of domestic drought conditions and an increasingly restrictive market in the EEC for Yugoslav corn, meat and live animals.

During 1967, market and price stability received greater emphasis than economic growth; deflationary policies resulted in a 1.7% shrinkage of total money in circulation. Per capita gross national product at constant prices was only 1% higher than in 1966, and investment fell from 18.5% to 16.8% of current GNP. Industrial production declined 0.4% and registered unemployment rose to 8.5%.

It is anticipated that in 1968 greater emphasis will be placed on expanding production and employment within the framework of price stability and economic rationalization through a reduction of credit restrictions and a freer flow of investments.

Opportunities for U.S.

The more balanced use of economic resources remains one of the major goals of the economic reform. To this end, the Government has attempted to stimulate price competition through the liberalization of imports, and it has said that inefficient enterprises must either modernize, integrate or cease operation. In addition to foreign competition, the Yugoslavs also look to the importation of capital equipment as a means of increasing productivity. There are opportunities for U.S. producers in both of these situations.

It would be quite difficult to determine to what degree the devaluation of the pound, peseta, and other currencies will offset the Yugoslav conviction that U.S. capital goods offer unmatched technical superiority and are therefore best suited for the modernization of Yugoslav industry. This conviction was recently stated publicly by a leading Yugoslav official: "Now, our businessmen know that the equipment, which can be bought in West Europe, is not of the best quality, or the most modern. Equipment must be bought in America, where technology is best developed.

Imports during 1967 increased 8.3% over the previous year, as Western European suppliers took advantage of import liberalization to intensify their penetration of the Yugoslav market. Total exports increased at a slower 2.7% rate, although U.S. imports of Yugoslav products were up 6.9%.

The U.S. share of Yugoslav imports fell from almost 13% in 1966 to about 7% in 1967. In addition, the mixture of U.S. exports to Yugoslavia has changed significantly since the cessation of PL-480 shipments in early 1967, and agricultural exports will continue to play a less important role.

During 1967, the first year in which the new liberal trade policy was in effect, Yugoslavia was able to keep its balance of payments deficit from getting out of hand by maintaining a very tight monetary policy to restrain internal demand. For 1968, there have been some minor readjustments—a slight easing of Yugoslavia's monetary restrictions and the transfer of a number of import commodities to categories involving a higher degree of exchange restriction (INTERNATIONAL COMMERCE, Feb. 19). The desire is to stimulate the domestic economy without risking too great a foreign exchange loss.

CHIEF YUGOSLAV IMPORTS FROM U.S.: grains; vegetable oil; power, electric, metalworking and other machinery; coal and coke. CHIEF YUGOSLAV EXPORTS TO U.S.: nonferrous metals, tobacco, canned ham, furniture, copper wire.

The net effect on U.S. exports of these measures should, however, be favorable. U.S. manufacturers of capital goods should be able to take advantage of opportunities opened by increased domestic investments in Yugoslavia, whereas the United States has not traditionally been a major supplier of the consumer goods and semi-manufactures which are the categories hit hardest by the changes in exchange restrictions.

Particular product categories which offer the greatest sales potential for U.S. manufacturers include: equipment for the tourist and catering industries, refrigeration equipment, agricultural and food processing machinery, machinery for extracting and processing ores and minerals, aircraft, locomotives, industrial control and testing equipment, computers, electronic manufacturing and television broadcasting equipment.

The trade deficit steadily increased through 1968 and on Apr. 30 stood at $168 million, roughly $1.5 million more than a year ago. This has been partially offset, however, by increased invisible earnings. At the end of February income from invisibles was officially reported as totaling $35.3 million, as opposed to $21 million at the same time last year.

A continuing favorable trend is indicated. Press reports tell, for example, of a 30% rise in tourism along the Adriatic coast in the first four months of the year.

Gold and foreign exchange reserves totaled $134 million in December 1967.

The United States will again be represented with an exhibit in the Zagreb International Fair, Sept. 12-22, and consideration is being given to U.S. participation in the Novi Sad Agricultural Fair, May 9-19, 1969 with an exhibit of agricultural and food processing equipment.

Far East sales record seen

Shipments of U.S. goods to area continue to outpace overall export performance

By ROBERT M. KLEIN
Deputy Director,
Far Eastern Division, BIC

U.S. exports to the Far East this year should match the substantial gains registered in 1967, when new sales records were set for about two-thirds of the countries of the region. Expanding at twice the rate for overall U.S. exports to the world, U.S. shipments to the Far East last year edged toward the $6 billion mark for the first time, and should easily exceed it in 1968.

Although the pace of economic development in the area varies from country to country, and several are experiencing balance of payments difficulties, for the most part foreign exchange availabilities —as augmented by grant aid and loans— are generally adequate to finance essential purchases.

Reflecting expanding development needs, total imports of the region were up significantly last year, and American suppliers increasingly participated in the wider range of opportunities thus presented. Indeed, an outstanding feature of the U.S. export performance in 1967 was that our market share rose in five of the countries while holding its own in most of the others.

With the Far East (including Oceania) accounting for nearly one-fifth of total U.S. sales abroad, our trade has continued to follow a strong upward trend. U.S. exports had advanced by 8% in 1965 and another 12% in 1966. Last year, shipments to the area, including 'special category' military items, totaled $5.9 billion, a 10% rise over the previous year's level.

Broadly dispersed gains

Once again, the U.S. export gains were broadly dispersed. Reduced buying was evident only on the part of South Viet-Nam, New Zealand, and Laos, which together with Indonesia and Cambodia represented the only countries where U.S. sales records were not established last year.

U.S. Census data for the first five months of 1968 indicate that total U.S. exports to the Far East amounted to $2.7 billion, a 13% increase over the figure for the corresponding period of 1967. Significantly, the broad coverage of our trade expansion is continuing, with declines in U.S. exports being registered for only four of the region's 15 countries.

The Far Eastern trade picture is dominated by Japan and Australia, since together they account for three-fifths of overall U.S. exports to that part of the world. U.S. sales to Japan in 1967 spurted by 14%, for a total of $2.7 billion, following a similar rise in 1966. The trend is continuing this year, when the total should approach the $3 billion level, but the percentage gain will be below that of the past two years in light of an anticipated less rapid rise in Japan's gross national product.

Australian sales rebound

Exports to Australia, which had fallen off steeply in 1966, rebounded last year to nearly $900 million, representing a massive 37% increase over 1966 and an all-time peak for U.S. sales. With economic conditions steadily improving, Australia's import demand should remain at a high level. However, U.S. sales this year—which in the first five months of 1968 were running 14% above last year —cannot be expected to approach last year's unusual growth rate.

Sales to the Philippines, normally our third-ranking market in the Far East, registered a healthy 23% rise in 1967 after two years of successive declines. The country's efforts to reverse its large overall trade deficit of 1967, including the recent imposition of further credit restraints, may hold down this year's increase in U.S. exports to more moderate dimensions.

For Korea, where GNP in 1968 is expected to grow by 10-12% in real terms, the U.S. export gain should be comparable to the 22% rise recorded in 1967. In the early months of 1968 Korea nosed out the Philippines as our third most important market in the area, but this partly reflects a heavier component of special category shipments in the Korean figures.

The largest percentage gain in U.S. exports to the Far East last year was registered for Taiwan where, after two years with little change, our sales climbed by 41% and our market share rose dramatically. Another substantial sales increase is in prospect for this year.

The sharpest percentage increase in 1968 should be in the case of Indonesia, where our exports may more than double as a result of considerably greater U.S. aid and increased Indonesian exchange availabilities.

Marked increases in U.S. exports are also foreseen for Malaysia, Singapore, and New Zealand, with more modest gains in the cases of Hong Kong and Thailand. For New Zealand, however, beset with balance of payments difficulties and a sluggish economy, were it not for aircraft sales our export total would probably be under the low figure of 1967.

Exports to South Viet-Nam so far this year have been expectedly below the 1967 pace, as were sales to the Ryukyus, and shipments to Laos and Cambodia are expected to remain at minimal levels.

On the import side, a combination of two consecutive years with import rises of 20-25%, coupled with a less buoyant U.S. economy, resulted in an increase of U.S. purchases from the Far East of only 4% in 1967, for a total of $5.2 billion. But this was largely explained by the fact that Japanese sales—which represented nearly three-fifths of our total Far East import bill—did not change appreciably. Thus, some devoloping countries did manage to register sizeable gains, with those by Taiwan, Korea, Thailand, and Hong Kong falling in the 20-40% range.

January-May 1968 import data indicate increases more in line with earlier years, with the total running 24% above that for the corresponding period of 1967, and with purchases from Japan up by 26%. Some dampening of import demand, however, should be apparent during the remainder of the year.

At the same time, as noted earlier, U.S. sales to the Far East should continue to rise significantly, bolstered by a variety of Department of Commerce trade promotional efforts directed at developing and expanding the U.S. role in Far Eastern markets.

Official trade fair participation in the months immediately ahead will include several specialized shows in Tokyo, and the first major U.S. exhibition in Korea.

A number of industry-organized, Commerce Department-approved trade missions will also be visiting various countries of the area, and the U.S. Trade Centers in Tokyo and Bangkok will continue with a full program of periodic shows, with the latter being increasingly keyed to possible sales in nearby countries as well.

Australia

End to drought should keep imports at high level throughout the year

By DEANE M. BLACK

Far Eastern Division, BIC

Imports 1967

Total ..... $3,500 million
From U.S. ..... $896 million
U.S. share 25.6%

Exports 1967

Total ..... $3,500 million
To U.S. ..... $441 million
U.S. share 12.6%

U.S. exports to Australia in 1968 will not increase at the rapid rate of 1967, when a rise of 37% to $891 million was recorded. However, economic conditions in Australia are expected to improve steadily now that the drought has been broken, and import demand should remain at a high level throughout the year.

Although U.S. exports to Australia increased 37% in 1967, exports in the first four months of 1968, at $302 million, represented an increase of just 11% above the same period of 1967.

The rural sector of the economy had lagged in the last several years because drought conditions had reduced production of some of Australia's principal primary export products. Lower export prices for wool and sugar had also limited export receipts. Even with the lag in the rural sector, which still accounts for two-thirds of total export earnings, the rate of growth of GNP in real terms was more than 5% in calendar 1967. Predictions are that Australia's growth in real GNP will continue to average more than 5% annually at least until 1975, when the full effects of the developments in minerals are realized, and mineral exports alone will account for over $1 billion in annual export earnings.

The Federal Budget for fiscal 1968 (which ended in June) had been designed specifically to shift a larger portion of resources into private investment and restrain the growth of Government commitments. While this move provided some stimulus, private capital expenditure was sluggish throughout calendar 1967 and only in the first quarter of 1968 did activity begin to pick up. The demand for capital equipment in the mining, and to some extent, the chemical industries, has been heavy, however, in recent months and expansion throughout the industrial sector is predicted.

Investment high

There had also been some concern in the business community in the last several months regarding the effects on Australia of the United Kingdom and United States balance of payments restrictions, and of U.K. and New Zealand devaluation of sterling. However, in both cases the effects have been minimal so far, and the level of net capital inflow in the first three months of 1968, at $428 million, was twice as high as that of the same period of 1967.

There was, however, a slowdown in net capital inflow in April, but there has been some speculation that the drop was due to a large outflow of funds by foreign companies located in Australia for imports of equipment and for dividends or other capital servicing items.

Business confidence is strong, mainly because every sector of the economy is operating either at a high level, or improvement is in sight for the first time in four years.

The U.S. share of the $3.5 billion Australian import market in calendar 1967 was 25.6%. The U.K. share was slightly less, with the United States having replaced the United Kingdom as first supplier to the Australian market in fiscal 1967. Japan, on the other hand, has steadily increased its share of the Australian market, from 2% in 1957 to about 11% in 1967.

On the export side, Japan replaced the United Kingdom as Australia's principal export market in fiscal 1967, taking more than 16.5% of Australia's exports. Japan is Australia's largest customer for wool, coal, iron ore, non-ferrous ores, copper, barley, cattle hides, sugar, milk powder, cheese, malt, and aluminum. The United States is the second market for Australia's exports with a 12.6% share, and the United Kingdom is third with nearly 12%.

CHIEF AUSTRALIAN IMPORTS FROM U.S.: construction and road building machinery, electrical machinery, textiles, chemicals, tractors, aircraft, crude fertilizers, plastics, paper and paperboard. CHIEF AUSTRALIAN EXPORTS TO U.S.: meat, wool, frozen lobsters, metals and ores, sugar, dairy products, hides and skins.

The Pan American Trans Pacific Multi-Trade Mission which returned from Australia in May pointed up again the existing and expanding opportunities for U.S. business in that growing market. Mission members in more than 800 interviews with Australian businessmen reported unusual opportunities, with both small and large business firms seeking U.S. goods, technology and joint ventures in such fields as metal working machinery, electronic instruments, dairy and food equipment, automation and welding machinery, oil field, medical, dental, air conditioning, teaching and educational equipment (see INTERNATIONAL COMMERCE, May 27).

With the vast developments taking place in mining and in gas exploration in Bass Strait, the demand for U.S. equipment to service these developments, and to build the infrastructure which accompanies them, will undoubtedly continue both in the short and in the long term. The outlook depends almost entirely on the extent of the role to be played by the earnings from the development of mineral resources, the extent that Australian crude oil can replace imported crude, and the pace and diversification of Australian domestic industry.

However, with buoyant economic conditions, a high and rising standard of living, and a population growth rate of some 2% per year, the prospects for increased U.S. sales to Australia are extremely encouraging. Keener competition can be expected from Japan and other third countries, however, and U.S. exporters will be forced to strengthen their sales efforts to meet and overcome this competition.

Hong Kong

Economy rebounds strongly from 1967 disturbances; export growth leads way

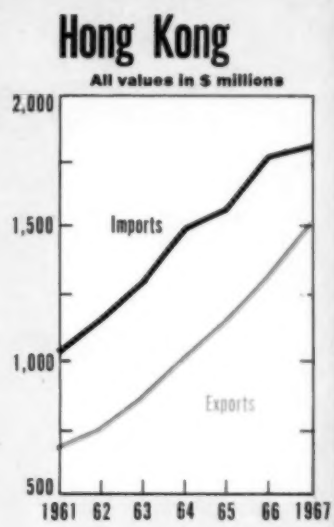
By JAMES R. JOHNSTON
and JAMES H. SAVERY
Far Eastern Division, BIC

Imports 1967

Total ..... $1,802 million
From U.S. ..... $243 million
U.S. share 13%

Exports 1967

Total ..... $1,513 million
To U.S. ..... $453 million
U.S. share 30%



Hong Kong's foreign trade growth this year is expected to match the increase of 1967, when total imports rose about 3% while exports climbed 16%. U.S. sales to Hong Kong should show further gains in 1968 over the 1967 performance, when U.S. exports valued at $255 million expanded by 11%. At the same time, the U.S. share of the Hong Kong import market increased from 10.8% to 13.4%.

Hong Kong's exports should continue to expand at a satisfactory rate, but it is unlikely that the Colony will again in the foreseeable future enjoy the exceptionally high growth rates, experienced in the early 1960's. The repercussions from the Communist disturbances of last year and disruptions in deliveries of supplies from Mainland China have contributed to the slackening of the rate of Hong Kong's economic growth.

Hong Kong's GNP was unofficially estimated at $2.37 billion in 1967, up 8% in nominal terms from the previous year, while the consumer price index increased more than 6%, a noteworthy rise by Hong Kong standards. Per capita GNP was estimated at $612. Moderate economic growth is predicted for the current year, based on continued expansion of exports.

Confidence in the Colony's immediate future received further bolstering as violence tapered off and finally subsided toward the end of the year. Currently there are no indications that 1968 will bring a repeat of last year's disturbances. However, indications are lacking of a real resurgence in longer term (three to five years) private investment. Limitations on overseas investment under the U.S. balance of payments program, plus the competition for U.S. investment by other countries in the area, especially Taiwan and South Korea, will act as further restraints on U.S. investment in Hong Kong, particularly long-term investment. However, local banks have ample capital available for sound projects.

Sales opportunities

As Hong Kong's largest trading partner, Mainland China normally supplies the Colony with certain products such as cheap foodstuffs and consumer goods which U.S. firms are generally not able to offer on a competitive basis. The continuance of the Cultural Revolution in Mainland China has affected supplies from that source, and American exporters should be able to substitute for a part of them.

Japan's proximity to Hong Kong gives it a decided advantage in faster delivery capability, and it frequently offers more attractive pricing and credit terms.

Another obstacle to U.S. trade expansion efforts is the natural inclination on the part of the Hong Kong Government and the larger British trading firms to favor the mother country.

American firms can compete effectively in the Hong Kong market by offering favorable credit terms, adhering to promised delivery schedules, emphasizing quality and durability, and providing thorough after-sale service.

Even before closure of the Suez Canal, U.S. firms could provide faster delivery than European firms. This slight advantage has been magnified now that European goods are being shipped via the Cape of Good Hope.

Hong Kong's sound currency and healthy balance of payments position were further strengthened in June by a financial arrangement with the United Kingdom which offers the Colony a significant measure of insurance against being forced to devalue the Hong Kong dollar in the event of another sterling devaluation. Britain is to float a new type of bond denominated in Hong Kong dollars, purchasable and redeemable in sterling at the exchange rate in force at the time of redemption. The Hong Kong Government may purchase such bonds for any sum up to 50% of the official external assets of the Colony, subject to a limit of 150 million pounds sterling.

After the capital flight experienced last year, some capital is again flowing into the Colony, but the inward movement appears to be fairly limited. Bank deposits have steadily recovered and the banking system's liquidity is high.

In general, devaluation of the British pound has not led to lower prices in Hong Kong for products produced in the United Kingdom. Hong Kong's devaluation has, however, made capital goods and equipment more expensive and the U.S. sales potential in this category does not appear particularly promising. Greater sales opportunities should be found in the area of such raw materials as foodstuffs, chemicals, synthetic fibers and cotton.

All indications are that there will be a continuation of the traditional laissez-faire policy under which the Hong Kong market, as a free port, presents virtually no artificial barriers to trade. With wages already the second highest in the Far East, employers are feeling some pressure for wage increases, while limited changes are occurring in labor legislation affecting hours and working conditions.

Assisted by the U.S. Department of Commerce and the Consulate General, three Hong Kong department stores will feature U.S. products in an "America Week" being planned for next May.

CHIEF HONG KONG IMPORTS FROM U.S.: electronic components, diamonds, raw cotton, tobacco, fruits and vegetables, rice, pharmaceuticals, air conditioning and refrigeration equipment. CHIEF HONG KONG EXPORTS TO U.S.: clothing, textiles, plastic manufactures, transistor radios, wigs, footwear, flashlights.

Indonesia

Anti-inflation drive continues to show results; AID program boosts U.S. sales

By M. VIRGINIA WEBBERT
Far Eastern Division, BIC

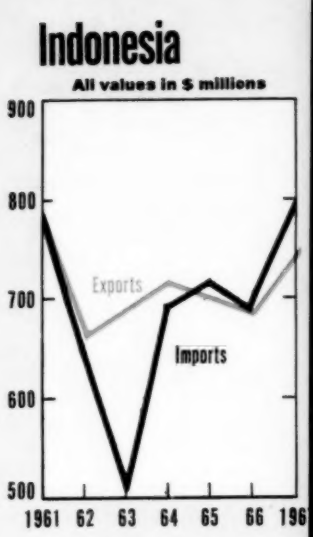
Imports 1967

Total .....$800 million*
From U.S. .....$80 million*
U.S. share 10%*

Exports 1967

Total .....$745 million*
To U.S. .....$182 million*
U.S. share 24%*

*Estimate



U.S. exports to Indonesia are expected to rise sharply in 1968 because of considerably greater U.S. aid, an increase in Indonesia's exchange availabilities due in part to larger export earnings, and a moderate flow of U.S. investment funds as recent contracts are implemented. The rising trend is reflected in Jan.-Apr. exports of $52 million from the United States, over 90% higher than the comparable period of 1967.

U.S. investment interest remains high, and U.S. firms are well ahead of foreign competitors in the value of investment contracts approved by the Indonesian Government. Nearly 60 investors, with prospective investments of $200-$300 million mainly in the mining field, have applied for or received coverage under AID's specific risk guaranty program. ITT has additional extended risk coverage for financing a $7.2 million earth satellite station to be under way in 1968. Seven U.S. firms are proceeding with AID-approved investment surveys, half in agri-business, for a total investment of $80 million.

However, not all of these proposed investments may actually be made. No money is yet available for local currency loans to develop businesses in Indonesia under the Cooley loan program.

Stabilization makes progress

Indonesia's stabilization program continues to make progress in controlling inflation despite the rice crisis in late 1967 and early 1968 which temporarily increased rice prices, depreciated exchange rates, and jeopardized budget planning. While Djakarta's consumer price index rose by 40% in January, in the next four months the rise was only 12% compared with 25% in Feb.-May 1967.

To increase revenues, the Indonesian Government has raised the price of numerous services, considerably increased import levies, and is trying to improve tax administration. If rice prices can be held in line, it may approach a balanced budget in 1968.

The overall aim of the Five-Year Development Plan, to be presented to Parliament later this year, is to increase the 3% growth rate in GNP. Major goals for 1968 are increasing output of rice and other foodstuffs; expanding exports, especially of minerals; and making infrastructure improvements needed to move these products to market.

Cabinet changes in June have strengthened the position of the western-trained economists now influencing government policy, advised in turn by International Monetary Fund (IMF) and World Bank experts in Washington and Djakarta. A recent visit to Indonesia by World Bank President McNamara raised Indonesia's hopes of an enlarged World Bank role, including financial support through its affiliates, the International Finance Corporation and the International Development Association.

The Inter-Governmental Group (IGG) of free world nations helping Indonesia hopes to provide enough aid to close Indonesia's $325 million foreign exchange gap in 1968. The United States has just announced a new $63 million P.L. 480 agreement which will fulfill the balance of its pledge to provide one-third, or $110 million. Except for a $25 million AID loan now being implemented, the U.S. funds will be used for P.L. 480 agricultural commodities. Japan has also agreed to provide one-third.

Import levels rise

Indonesia's imports in 1967 were estimated at $800 million, about 15% higher than in 1966, due to a 10% increase in export earnings and greater aid-financed imports.

CHIEF INDONESIAN IMPORTS FROM U.S.: machinery and transportation equipment, rice, raw cotton, lubricating oils, textiles, iron and steel products. CHIEF INDONESIAN EXPORTS TO U.S.: crude rubber, crude petroleum, coffee, pepper and other spices, tea, palm oil.

The U.S. market share was about 10%. According to trading partner data, the United States was Indonesia's third largest supplier, with exports of $67.6 million, of which nearly 45% was financed under PL-480 or AID loans.

Japan, with exports of $155.1 million in 1967, continued to be the largest supplier. Exports of other suppliers were (in millions): West Germany, $73.6; Netherlands, $45.8; and the United Kingdom, $16.1.

Major U.S. exports

Besides PL480-financed rice and cotton, major U.S. exports were motor vehicles and parts; internal combustion engines; aircraft and parts; construction and mining machinery; pumps, centrifuges and parts; lubricating oils; and clothing. These items still offer the best sales prospects.

No Export-Import Bank or FCIA guaranties or insurance are yet available to U.S. exporters. However, Indonesia's development needs and the increased availability of foreign exchange will provide expanding opportunities for U.S. exporters to sell new types of agricultural and industrial machinery, and pesticides and fertilizer for increasing rice output.

U.S. imports from Indonesia totaled $181.8 million in 1967 and were slightly higher than in 1966.

Indonesia made numerous changes in trade regulations in the first half of 1968. Import surcharges were raised and sales taxes levied on imports to protect local industries. The rate of exchange for imports with foreign aid funds (special BE's), discounted at 10-15% below the general BE rate, was raised to the BE rate, and the customs valuation rate was raised to Rp. 275 per U.S. dollar on June 1.

Japan

Despite restraint program, market is excellent target for many imports

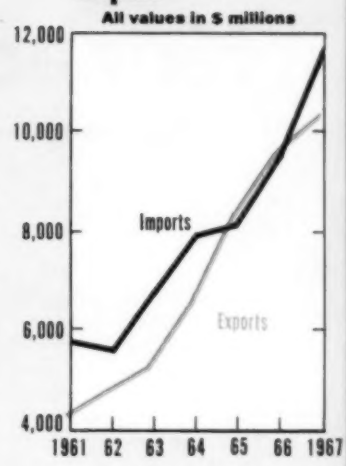
By TATSUO A. MIYAKAWA
Far Eastern Division, BIC

Imports 1967

Total ..... $11,663 million
From U.S. .... $3,212 million
U.S. share 28%

Exports 1967

Total ..... $10,442 million
To U.S. ..... $3,012 million
U.S. share 29%



U.S. exports to Japan, which reached a record $2.7 billion in 1967, should continue their upward trend and edge closer to the $3 billion level during 1968. Current remedial steps taken by Japan to improve its balance of payments position, however, may preclude the attainment of another 14% increase in our exports to Japan.

Despite the restraint program, the Japanese market remains an excellent target for most industrial raw materials, selected capital equipment, and technical services of various kinds.

The Japanese Government, following a $571 million balance of payments deficit in calendar year 1967, continues to take financial and fiscal steps to dampen the domestic economy. To implement the deflationary program, the Bank of Japan raised its rediscount rate to 5.8% last September and to 6.2% in January of this year. The Bank also strengthened its advisory role to insure a reduction of loan activity by commercial banks.

The Government, in turn, is deferring budget expenditures where possible to reduce total demand; the current budget is designed to have a neutral economic impact and reflects the Government's desire for moderate economic growth.

These monetary and fiscal measures have changed Japan's economic picture significantly from one of possible overheating to an outlook for moderate growth. GNP for fiscal 1968, ending next Mar. 31, is forecast at $132.9 billion, representing a below average real growth of 7.6% over fiscal 1967. GNP for calendar 1967, for example, was $115.7 billion, representing a real growth of 13.7% over 1966.

A slower growth rate is seen for private investments in new plant and equipment, where the increase is expected to be only 12.7% compared with nearly 28% for fiscal 1967. As a result, U.S. exports of industrial machinery to Japan may expand only moderately. U.S. agricultural exports, however, should continue at high levels.

The prospects for reduced business activity and restricted access to funds may lead to a sharp downward inventory adjustment in 1968, but activity in the retail sales and consumer service industries should continue at high levels.

The export price index, which reflects the international competitiveness of Japanese industry, continues its remarkable stability. Consequently, because of this phenomenon combined with increased economic activity in the United States and Western Europe, Japanese exports are expected to increase by about 15%.

U.S. share dips

Japan's imports in calendar 1967 increased by about 22% on a c.i.f. basis to equal $11.7 billion, but the U.S. share of the Japanese import market fell slightly to 27.5%. Japan continues to search for alternative sources of supply to reduce its dependence on one country and to correct trade imbalances with others. Consequently, only vigorous U.S. promotional efforts will maintain the level of the past few years.

Leading U.S. exports to Japan in 1967 included machinery, chemicals, ferrous scrap, coal, logs and lumber, and agricultural products such as soybeans, wheat, grain sorghums, and raw cotton. Combined with technical services of various kinds, these product categories remain the best U.S. export prospects during 1968.

In addition to the United States, other major suppliers (excluding crude oil suppliers) included Australia, Canada, the USSR, the Philippines, and West Germany. Major Japanese export markets outside the United States were South Korea, Liberia (mostly ships), the Philippines, Australia, and Hong Kong, which together purchased $1.9 billion.

CHIEF JAPANESE IMPORTS FROM U.S.: machinery, chemicals, soybeans, scrap metal, logs and lumber, wheat, coal and coke, raw cotton. CHIEF JAPANESE EXPORTS FROM U.S.: iron and steel mill products, radio and TV sets, textiles, machinery, clothing, musical instruments, motor vehicles, foodstuffs.

The first stage of the Kennedy Round tariff cuts was implemented by Japan on July 1, with the institution of a two-step reduction in Japanese tariffs. Since this amounts to 40% of the reduction agreed to during the Kennedy Round negotiations, U.S. products will become more attractive to Japanese buyers.

Payments position improves

The Japanese Government hopes that the combined outcome of tight money, a neutral budget, and efforts to moderate commodity imports and capital investments will result in an improved Japanese balance of payments position by the end of fiscal 1968. The official Economic Planning Agency forecast for fiscal year 1968, made in January, was for a deficit of $350 million, down from the 1967 fiscal year deficit of $535 million. Current figures now indicate that a balance of payments surplus may possibly be realized.

U.S. Department of Commerce market research conducted in Japan has determined that the following product categories offer good trade opportunities and has scheduled shows for these products at the U.S. Trade Center in Tokyo: document processing and reproduction equipment, environmental test equipment, advanced medical equipment, and packaging equipment.

In addition, the United States will participate in the Japan Electronics Show in September and the Plant Engineering and Maintenance Equipment Exhibition in October. State trade missions and industry missions are also tentatively scheduled to visit Japan.

Malaysia

Korea

Industrialization creates sales chances; imports should top $1 billion in '68

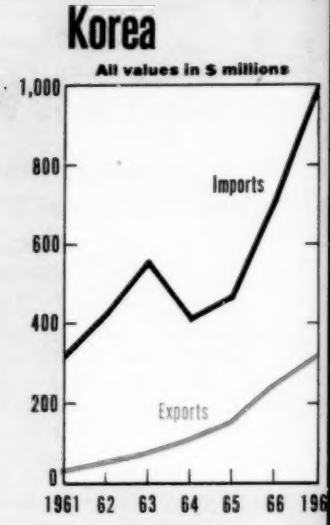
By T. MARK KRACZKIEWICZ
Far Eastern Division, BIC

Imports 1967

Total ..... $996 million
From U.S. ..... $305 million
U.S. share 31%

Exports 1967

Total ..... $320 million
To U.S. ..... $137 million
U.S. share 43%



A continued increase in Korean imports is expected this year with imports surpassing $1 billion by a comfortable margin, a mark almost achieved in 1967. U.S. sales to Korea (including special category shipments), which expanded by 22% last year, should register comparable gains in 1968.

To feed the vigorous expansion in industrial production and exports, an increased flow of industrial raw materials and capital equipment will be needed. Healthy foreign exchange receipts, bolstered by foreign investment in Korea and financial assistance from the United States and Japan, plus the liberalization of import regulations, all contribute to a favorable outlook for U.S. exports.

Gross national product reached $4.6 billion in 1967, an 8.4% increase over the previous year in real terms. It is estimated that GNP will grow at a 10-12% rate in real terms in 1968. With a growth rate of 22% in 1967, the expanded pace of manufacturing activity has been chiefly responsible for the high growth achieved in the past and should continue to do so.

The current Five Year Development Plan, which ends in 1971, places great emphasis on developing intermediate and heavy industry. Plans to erect a large petrochemical complex at Ulsan are well under way, and a number of American firms are involved.

An international consortium, which includes three American companies, has been formed to help Korea design and construct an integrated iron and steel mill which, at the completion of its first stage in 1972, will have an annual production capacity of 600,000 metric tons of crude steel.

Wants new capital

In addition, the Korean Government hopes to upgrade the output of local machine tools and foundry products by influxes of new capital and technology.

Although Korean purchases from the United States have increased significantly in recent years, the United States has not held onto its share of the total import market, which reached $996 million last year. From a 35% share in 1966, the U.S. share dropped to 31% in 1967. This development partly reflects the gradual decline in U.S. financial assistance and an increase in Japanese claims settlement payments to Korea.

However, in the important competitive area of imports financed by Korean Government-held foreign exchange (KFX), last year the United States recorded a sharply increased 22% share as compared to the 1966 figure of 14%. Such KFX imports have become more significant in the total import picture, accounting for 64% of total imports in 1967; they were less than half of total imports in 1964.

Imports liberalized

Korea's import liberalization policy resulted last July in the introduction of a negative list trade system which considerably simplified import procedures. A new customs law, which contains a provision liberalizing the rules for the establishment of bonded warehouses, has also been introduced. Although the pace of import liberalization may slow down, the cumulative effect of past changes makes it easier for American suppliers to sell in the Korean market.

Korea's export growth has reflected the country's general economic progress. An export target of $500 million has been set for 1968 which, if achieved, will represent a 56% increase over 1967's performance ($320 million).

Although declining, U.S. financial assistance extended through the Agency for International Development plays an important part in U.S. exports to Korea. Of particular interest to American suppliers is the $30 million supporting assistance agreement for 1968 which Korea will use to purchase industrial chemicals, machinery, rubber, and wood pulp.

Recently, AID extended a $15 million loan to the Korean Reconstruction Bank, which in turn will make subloans to Korean manufacturers to finance the purchase of U.S. equipment needed to implement modernization and expansion plans.

The Korean Government's procurement agency, the Office of Supply, Republic of Korea (OSROK), is a major importer. OSROK reports that the 1968 foreign goods and services procurement requirements of the Government, including public and semi-public enterprises such as the Korea Oil Corporation, total nearly $224 million.

While some of these purchases are financed out of U.S. assistance and Japanese claims settlements, a large part is to come out of KFX, with buying on a competitive basis. Petroleum, iron and steel products, railroad equipment, machinery, telecommunications equipment, testing and control equipment, and scientific instruments make up a large part of the procurement plan.

The Department of Commerce plans to launch the first U.S. commercial solo exhibition ever held in Korea next May. The market research for this exhibit reveals that sales prospects are excellent for the following American items: packaging equipment, food processing equipment, metal working and forming machinery, testing and measuring equipment, office machinery, plastics fabricating equipment, and equipment for the petrochemical industry.

CHIEF KOREAN IMPORTS FROM U.S.: wheat grain and flour, raw cotton, non-electrical machinery, ferrous scrap, fertilizer, wood pulp, electric machinery. CHIEF KOREAN EXPORTS TO U.S.: plywood, clothing, wigs, textile fabrics, footwear, fresh fish, raw silk.

Malaysia

Economy picking up lost momentum; diversification drive is emphasized

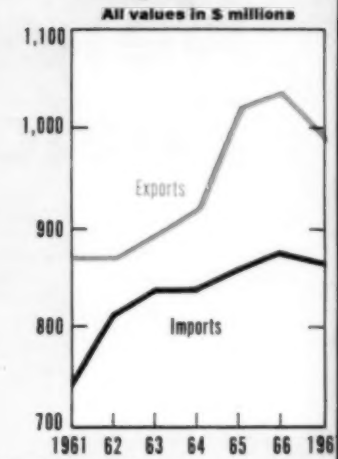
By JOHN E. WALSH
Far Eastern Division, BIC

Imports 1967

Total ..... $868 million*
From U.S. ..... $50 million*
U.S. share 6%*

Exports 1967

Total ..... $993 million*
To U.S. ..... $165 million*
U.S. share 17%*



* Estimate (Statistics apply only to West Malaysia)

Despite the significant drop in economic activity and growth in 1967, total Malaysian imports probably will show a moderate rise in 1968. Purchases from the United States are expected to follow, or better, the overall trend.

The basically stable Malaysian economy is slowly recovering from a series of setbacks in 1967 and early 1968 that visibly slowed its growth momentum. A severe decline in the world price of rubber (the country's leading export), accompanied by moderate declines in certain other export prices, cut drastically into incomes, foreign exchange earnings, and government revenues.

The planned withdrawal of British forces by the end of 1971 now adds additional worries related to employment and loss of further income, plus the probable need to siphon off funds for Malaysia's own security measures.

The November devaluation of the pound sterling also cut heavily into the value of the country's foreign exchange reserves. The reserve level, however, remains sufficiently high to support an eight-month import bill at the current rate of purchasing.

Gross domestic product in 1967, at $3.1 billion, expanded by 5.8% in real terms over the 1966 figure, for a per capita gain of 2.8%. The projected real increase in GDP for 1968 is set at 4.5-5%. Following a period of unusual stability, Malaysia's consumer price index increased by 4.3% in 1967.

U.S. goods moving well

According to preliminary statistics for West Malaysia (figures are not available for East Malaysia), 1967 exports amounted to $993 million and imports totaled $868 million, declines of approximately 4% and 1%, respectively, compared with 1966 performance.

These statistics show the United States supplying $50 million, or 6% of total imports, and taking $165 million, or 17% of exports. The United States again followed only Singapore among leading customers, and was the seventh-ranking supplier.

Based on U.S. Census data covering the first four months of 1968, U.S. imports from Malaysia (mainly rubber and tin shipments) amounted to $75 million, or 18% above the comparable 1967 figure.

U.S. exports to Malaysia in the same period amounted to over $21 million, reflecting a healthy 33% increase over the comparable 1967 figure. Major items in this trade continued to include tractors and spare parts, construction and mining equipment, agricultural machinery, heating and cooling equipment, and raw tobacco.

Deliveries of American civilian aircraft, scheduled to begin in July of this year as part of a sizable order arranged under Export-Import Bank financing, will substantially bolster the U.S. market share figure for the year.

Those countries which offer vigorously price-competitive lines (notably Japan and Mainland China) have increased their sales at a more rapid pace. China's exports might even have increased more rapidly, were it not for high specific duties on a number of former imports which now are being produced locally.

The United Kingdom, while still dominating the market, has failed to increase its exports to Malaysia as fast as some of the competition.

Goods of U.S. manufacture generally enjoy an excellent reputation and are already better known than the rather modest trade statistics would indicate. Many of the familiar American types of machinery and equipment are supplied to Malaysia by subsidiaries or licensees of American firms operating in other countries.

In an area where both Government and private buyers tend to be very price conscious and heavily influenced by attractive financial terms, those American lines that are prepared to compete in terms of price or can demonstrate convincing technical superiority enjoy a good market.

CHIEF MALAYSIAN IMPORTS FROM U.S.: industrial machinery, other non-electrical machinery, motor vehicles, power generators, tobacco, petroleum products, chemicals, medicinals. CHIEF MALAYSIAN EXPORTS TO U.S.: tin, crude rubber, fish and fish products, timber products, canned fruit, textile goods.

High per capita income

Although a small marketplace in terms of population, Malaysia's relatively high per-capita income generates a respectable demand for imports. Its existing industry and expanding development programs tend to focus sales prospects on machinery and equipment, particularly in transportation, earthmoving, and agricultural lines.

Opportunities also are on the increase for firms providing technical services such as economic surveys, education materials and devices, and agricultural studies.

Realizing more than ever the danger of continued dependence on rubber for sustained economic growth, Malaysian planning is accenting heavily the further expansion of agricultural programs (particularly timber and oil palm) and the stimulation of private ventures in manufacturing and service industries.

In this regard, and in view of the excellent credit rating Malaysia enjoys abroad, it may possibly take advantage of some of the foreign credit offerings made in the past but which still linger in limbo, partly because of Malaysia's longtime policy of maintaining Government procurement practices on an international, untied bid basis.

New Zealand

Devaluation and restraint program cut import demand; long-term view is good

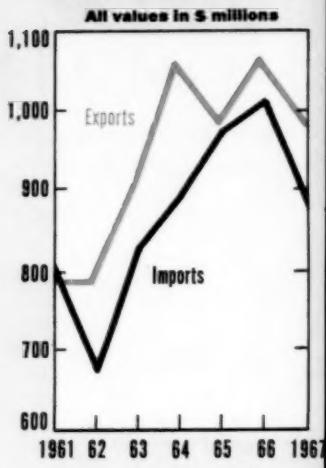
By JOHN N. RANDOLPH, Jr.
For Eastern Division, BIC

Imports 1967

Total ..... $882 million
From U.S. ..... $95 million
U.S. share 10.8%

Exports 1967

Total ..... $990 million
To U.S. ..... $152 million
U.S. share 15.4%



The recent decline in New Zealand's import trade is expected to continue as the full impact of the fiscal and monetary restraints taken in 1967 depress the economy. The 19.45% devaluation of the New Zealand dollar last November will add to the difficulties of exporting to New Zealand during the latter half of 1968.

The liberalization of the import licensing schedule for the year beginning July 1 should provide sales opportunities for certain product lines, but the general sluggishness in the economy is not expected to create any significant increase in the demand for imports, even for the liberalized items.

The New Zealand Government feels that the import licensing system has not been effective in controlling the level of imports and further liberalization of the thirty-year-old system is a strong possibility. Officials estimate that approximately one-half of all imports by value will enter free from import controls during the licensing year which began July 1.

Slower growth rate

The gross national product for fiscal year 1968 (which ended Mar. 31) is estimated to have reached $5.7 billion, a 3.2% increase in nominal terms over the previous year. A substantial portion of even this modest increase was due to inflation, and the New Zealand Institute of Economic Research predicts that GNP could actually decline in real terms during fiscal 1969.

Estimates of private capital formation indicate a decline of 9% during fiscal 1968. The overall slowdown in the economy and particularly the lack of demand from the private sector is causing reluctance on the part of the business community to invest in any new plant and equipment at this time.

The value of plant, machinery, and equipment imports in the last quarter of 1967 was 41% below the same quarter of 1966.

The U.S. share of the New Zealand market for the nine months ending in March 1968 was 10.9%. Despite a decline of 29% in U.S. exports during 1967, our share of the market remained at approximately 11%.

U.S. exports to New Zealand showed a marked improvement during the first four months of 1968, jumping 35% over the corresponding period of 1967 to $40.8 million. This increase, however, was more than accounted for by New Zealand aircraft purchases of $15 million.

Major suppliers

During calendar 1967, New Zealand's total imports from all sources declined 12.9% to $882 million. The United Kingdom (32.6%), Australia (20.7%), the U.S. (10.8%), and Japan (7%) were the major suppliers.

On the export side, $990 million worth of goods were shipped in 1967, 7.7% less than in 1966. The United Kingdom (44.8%), the U.S. (15.4%), Japan (9.3%), and Australia (6%) were New Zealand's major markets.

The Emergency Protection Authority, enacted in 1967 for the purpose of recommending whether petitioning industries should receive increased tariff protection, is a reflection of the expected shift in New Zealand's trade policy from quantitative restrictions to a more flexible tariff policy.

The Monetary and Economic Council has recommended that import licensing be replaced over the next three years by tariff rates sufficient to insure continued expansion of the manufacturing sector.

CHIEF NEW ZEALAND IMPORTS FROM U.S.: agricultural machinery, industrial equipment, chemicals, tobacco, fertilizers, textiles. CHIEF NEW ZEALAND EXPORTS TO U.S.: beef, veal, wool, hides and skins, dairy products.

The impact of the fiscal and monetary restraints is most evident in the balance of payments accounts. A significant improvement was registered in the current account deficit in fiscal 1968. The deficit was $24.4 million compared to $149.2 million in fiscal year 1967.

A substantial trade surplus of $218.4 million was achieved. A drop in export receipts of $11.2 million was more than offset by the substantial decline of $126.7 million in import payments. A deficit of $242.8 million was registered on nonmerchandise or invisible transactions. The net capital inflow of $119.1 million helped New Zealand achieve an overall surplus of $94.7 million.

May have surplus

If the present trend continues, the current account should move into surplus for the first time in recent years.

The restraints placed on the economy are improving the long-range outlook for New Zealand's exports. Devaluation has also improved the competitiveness of exports, especially manufactured goods.

There has been a noticeable increase in manufactured exports in the last few months. If this trend is to continue, industry will have to hold the line on production costs and many factories will require extensive modernization, providing markets for many types of U.S. machinery.

The Prime Minister recently announced that a series of National Development Conferences would be held to analyze the problems and prospects for economic development. Tourism is one of the areas to be emphasized. Facilities for exploiting New Zealand's many scenic and sports attractions are largely inadequate.

Philippines

Tight credit slows import growth; capital goods still in high demand

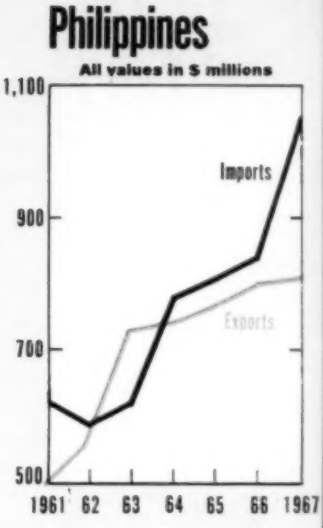
By MAURICE KOGON
Far Eastern Division, BIC

Imports 1967

Total ..... $1,054 million
From U.S. ..... $357 million
U.S. share 33.8%

Exports 1967

Total ..... $812 million
To U.S. ..... $350 million
U.S. share 43.1%



U.S. exports to the Philippines continue to rise in 1968, but at a substantially slower pace than in 1967. Philippine efforts to reverse the sharp overall trade deficit of 1967 will probably hold down any increase in U.S. exports to more moderate dimensions than the 23% gain of 1967.

A rapid increase in Philippine imports and an unexpected decrease in exports led to a $242 million trade deficit in 1967. Although essential development projects absorbed most of the increased imports, and stringent credit restrictions were applied to make the cost of importing more expensive.

Most of these restrictions are still in effect. In particular, all imports, with certain exceptions, must now be covered by letter of credit, and importers are required to pay an advance margin deposit. The deposit requirements were raised again last month, and currently range from 50 to 175% of the letter of credit value, depending on how essential the product is.

In addition, reserve requirements were raised late last year, and local banks are required to maintain a one-to-one ratio of foreign exchange assets to liabilities.

The Philippine Government hopes to offset these threats to the balance-of-payments position by stimulating development of new export industries, diversifying market outlets, and simplifying export procedures.

To these ends, an Investment Incentives Law was enacted in September to provide in part for investors in export industries; a National Export Coordination Center was established at the end of January to simplify procedures for exporting; an Export Expansion Act has been introduced to provide tax relief for exporters; and trade with the Soviet Union and Eastern European countries is being encouraged for the first time.

Philippine exports probably will increase substantially in 1968, mainly due to improved weather conditions and more advantageous terms of trade for certain primary exports. At the same time, imports of goods considered non-essential and less essential appear to have slowed down considerably in the early months of 1968, while essential imports continue to increase.

An additional effect of the credit restraints has been to discourage domestic investment and to retard the rate of economic growth. In 1967, GNP increased by 5.6% in real terms over 1966, a significant improvement over previous years. Contributing factors were the sharp increase in public works expenditures, construction activity and mineral output.

Prospects in 1968 are less sanguine. Local businessmen are feeling the pinch of tighter money and are confining their productive investment mainly to completing existing projects. Government proposals to raise taxes in 1968 may further dampen enthusiasm for new investments.

Notwithstanding the tighter credit conditions and the anticipated slowdown in economic activity, U.S. exporters are faring reasonably well and should be able to increase their sales in 1968. Most imports from the United States are in the so-called essential categories which have been least affected by the credit restraints.

In 1967, U.S. exports of machinery, transport equipment, electrical equipment, metals and manufactures, cereals and raw cotton, all deemed essential, accounted for 66% of total U.S. exports to the Philippines of $428 million.

Also, U.S. suppliers generally ship under letters of credit. Thus, Japanese and other suppliers, who rely heavily on credit sales to penetrate the Philippine market and who are important suppliers of consumer goods, have been hardest hit by the credit restrictions.

Philippine trade data show total imports of $1,054 million and total exports of $812 million in 1967, compared with $848 million and $835 million, respectively, in 1966.

The United States is the major supplier and customer, followed by Japan. Imports from the United States amounted to $357 million in 1967, an increase of 26% over 1966, giving the United States a 33.8% share of the market. Imports from Japan were valued at $305 million in 1967, up 25% from 1966. Japan's market share was 29% in 1967.

The United States took 43% of total Philippine exports in 1967, while Japan accounted for 34%.

The most promising opportunities for U.S. exports this year will be for machinery and equipment needed in the Government's key development programs. The current budget calls for expenditures of $541 million for various social and economic development projects in the fiscal year which began July 1. Priority projects include expansion of power, transport, telecommunications and irrigation facilities.

The current Four Year Plan expiring in 1970 suggests additional Government spending to boost agricultural production. Moreover, if local firms take advantage of the incentives offered in the Investment Incentives Act, greater private investment in new or expanded industrial ventures may also take place.

These developments suggest increased U.S. sales opportunities for such items as fertilizers, feed additives, grain storage facilities and breeding cattle. Other promising opportunities for U.S. exports are hand tools, components for automobiles and electrical appliance assembly, road construction equipment, hand and power pumps.

CHIEF PHILIPPINE IMPORTS FROM U.S.: non-electrical machinery, cereal grains, motor vehicles, electrical machinery, textiles, raw cotton.
CHIEF PHILIPPINE EXPORTS TO U.S.: sugar, coconut products, plywood and veneers, clothing, abaca, canned pineapple.

Singapore

Foreign trade running at record level; planned British pullout causes concern

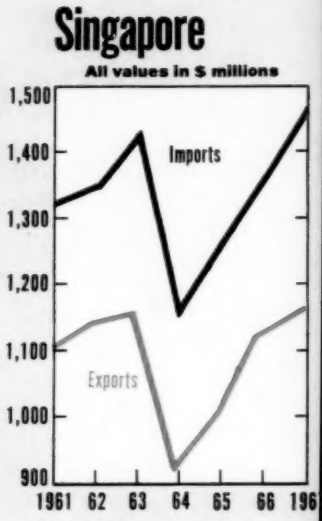
By JOHN E. WALSH
Far Eastern Division, BIC

Imports 1967

Total ..... $1,466 million
From U.S. ..... $82 million
U.S. share 6%

Exports 1967

Total ..... $1,163 million
To U.S. ..... $81 million
U.S. share 7%



Unless presently unseen factors arise to change the year's early trend, Singapore's purchases of U.S. goods in 1968 may show not only a substantial absolute increase, but a jump in the U.S. percentage share of the import market as well.

A steady growth trend continues in Singapore's foreign trade levels, which this year are expected to exceed the 1967 increases of over 8% on the import side and 3½% on the export side. Thus 1968 is heading for an all-time trading year record.

This steady trend in both imports and exports, the lifeblood of Singapore's entrepot-based economy, strongly supports the short-term outlook for continued economic stability, although perhaps at a slightly slowing rate of growth over the next two or three years. As a significant share of Singapore's economic activity involves the local processing, grading, packing, and marketing of primary products from neighboring countries, and services connected with the distribution within the Southeast Asian region of products of the more industrialized countries, a booming trade means a booming economy.

Preliminary figures for the country's 1967 Gross National Product indicate a further 18% increase (in nominal terms) over that of the preceding year, to $1,250 million. Per capita GNP rose by 15% to the equivalent of $640, a level second only to that of Japan's in the entire Far East. After remaining relatively stable for several years, however, the local consumer price index rose by 10% in 1967.

Visitors to Singapore cannot fail to notice the general air of confidence and signs of prosperity prevailing throughout the city. Government and private parties alike have reason to be satisfied with the continuous climb of trade with both South Viet-Nam (now Singapore's ranking customer next to Malaysia) and Indonesia. Although trade with Malaysia has declined, both relatively and absolutely, since their political split in 1966, Malaysia still can be expected to depend to a great extent on Singapore's entrepot facilities for some time.

Singapore officials, while by no measure yet satisfied, are definitely encouraged by the slow but steady increase in the country's light industrial base.

Singapore's preliminary trade data for 1967 show exports amounting to $1,163 million and imports $1,466 million. These statistics show the United States supplying $82 million, or nearly 6%, of imports and taking $81 million, or 7%, of exports. These figures compare with U.S. participation in 1966 of $70 million and $54 million, respectively.

According to U.S. Census data, imports from Singapore in the first four months of 1968 were valued at $6.5 million, or up nearly 33% from the comparable 1967 period.

U.S. exports to Singapore during the same period amounted to $25.9 million, an imposing 43% increase over the comparable 1967 period. Major items of this trade continued to be industrial and other non-electric machinery, vehicles, electric generators, and cigarettes.

Despite its present show of prosperity, Singapore remains plagued with chronic unemployment and underemployment. This problem threatens to become further aggravated over the next few years as the British Government closes out its service bases.

These bases have been of considerable importance as employers of labor, as purchasers of supplies and services, and as a source of foreign exchange income. Local expenditures of these forces amounted to about $150 million in 1966, or equal to about 14% of national income, and estimates as to the total impact of these expenditures on the national income run as high as 20%.

CHIEF SINGAPORE IMPORTS FROM U.S.: industrial machinery, other non-electrical machinery, motor vehicles, tobacco and cigarettes, medicinals, chemicals, petroleum products, paper and paperboard. **CHIEF SINGAPORE EXPORTS FROM U.S.:** crude rubber, coffee, spices, cotton textiles and clothing, ships' stores, canned fruit, veneers and wood products.

To supplement the meaningful assistance promised by the United Kingdom to help cushion the economic shock of the turnover, Singapore is activating plans for economic alternatives to fill the vacuum. Foremost among these is an intensified industrialization program, with product emphasis being changed from import-substitution industries to export-oriented industries, and the introduction of further tax and other incentive offers to new industries.

At the same time, Singapore is being careful to maintain its traditional free port status in preference to protection for infant industries which would impair the competitiveness of industry in general.

Regional sales concept

Prospects for further trade growth are very good. Many U.S. firms have already found Singapore an excellent regional distribution center from which to serve markets throughout Southeast Asia and even beyond. Other American companies are known to be currently planning the establishment of regional distribution facilities there, in order also to take advantage of its free port status, its experienced commercial and financial infrastructure, and its present and potential capacity to handle containerized cargo both by sea and by air.

As Singapore's standard of living continues upward, the domestic demand for consumer and other goods is expanding apace. A more concerted sales effort there by U.S. firms could undoubtedly pay off handsomely in many cases.

Taiwan

Booming economic growth generates high import demand; U.S. market share grows

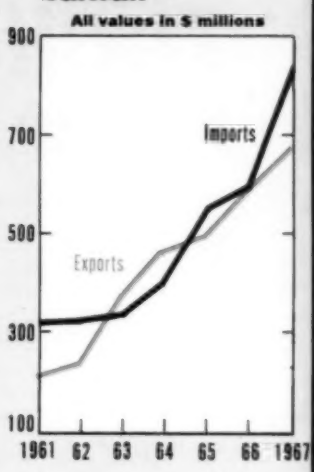
By JAMES R. JOHNSTON
Far Eastern Division, BIC

Imports 1967

Total ..... $837 million
From U.S. ..... $301 million
U.S. share 36%

Exports 1967

Total ..... $677 million
To U.S. ..... $129 million
U.S. share 19%



The Taiwan (Republic of China) market offers the prospect of increased sales to U.S. exporters, who in 1968 will probably maintain or slightly increase their share of the rising level of imports required by the dynamic Taiwan economy.

Taiwan's well-known economic growth is continuing. Ample foreign exchange reserves, sound international credit standing, and a strong export position will enable Taiwan to finance a rising inflow of capital goods and raw materials for its burgeoning industrial sector.

The gross national product—estimated at $3.5 billion in 1967—increased 9% over 1966 in real terms. This remarkable rate of increase will probably be repeated in 1968.

Agriculture, growing during the 1964-67 period at an annual average rate of 8%, will continue to earn much of the foreign exchange needed to sustain the rapid pace of industrialization.

At the same time, industrial products earn an increasing share of foreign exchange receipts, accounting for 60% of total exports in 1967. Manufacturing now amounts to 20% of total GNP, as compared to 24% for agriculture.

Growing domestic purchasing power is reflected in an increase in per capita real income amounting to almost 6% in 1967, bringing per capita national income to $209. The average price index in 1967 increased only 2.3% over the index for 1966.

Business prospects good

Business confidence in Taiwan is strong. The government encourages expansion in the private sector, meanwhile expanding power, transportation, and communications facilities to provide the necessary infrastructure. Government policies directed toward achieving sound, balanced growth have inspired confidence that the trade and investment climate will continue to be favorable.

U.S. controls on overseas investment have had little immediate impact on the Taiwan economy. There is confidence that private capital, both domestic and foreign, will continue to be attracted to this location where a stable and sympathetic investment environment is complemented by the availability of reliable and easily trained low-cost labor.

U.S. exporters face their strongest competitor in Japan, whose proximity gives it a natural advantage. However, as Taiwan's industry becomes more highly developed, the U.S. position as a supplier of capital goods in the Taiwan market may become relatively better, particularly if the U.S. exporter combines a transfer of technology with the shipment of his product.

Also, rising labor costs in Japan may affect the competitiveness of Japanese products.

The steep rise in the rate of imports that began in 1963 has continued, as Taiwan's imports jumped from $624 million in 1966 to $837 million in 1967, with the U.S. share rising from $167 million (27%) to $301 million (36%).

U.S. exports to Taiwan include a large proportion of raw materials such as cotton, wheat and soybeans, but machinery and electronic parts make up an increasingly large part of the total. U.S. export figures for the first four months of 1968 point to a continuing steep rise, in which the U.S. share of Taiwan's imports keeps pace with the overall increase.

Taiwan's trade regulations and procedures are somewhat cumbersome, but the government is aware that certain changes would facilitate trade. However, under the present system of closely controlled exchange allocations and severe limitations on imports of less essential goods, the changes are likely to come over a considerable period of time.

There is no prospect for the importation of any substantial quantity of consumer goods in the near future. At the same time, most raw materials and capital goods will be readily importable.

Rapid expansion of intermediate industries is enlarging the sales opportunities for metal working equipment, industrial control and scientific instruments, and equipment for the petrochemical and plastics industries. There are also favorable prospects for food processing and packaging machinery, construction equipment, and materials handling equipment.

Demand will continue strong for such developmental capital equipment as power generating machinery, pumps, switchgear, machine tools, and industrial instruments. The Taiwan electronics industry, in particular, has shown phenomenal growth since 1965, importing more than $17 million in parts from the United States in 1967.

Because of offsetting capital inflow, the deficit Taiwan shows on its trade balance has not been a cause for concern. Net foreign assets are about $400 million, sufficient to finance about six months of imports. Foreign exchange holdings may increase during 1968.

To maintain the interest in U.S. industrial machinery generated by the U.S. solo exhibit last fall, a second commercial exhibition is being considered for Taipei next year. Exports of American machinery and equipment to Taiwan can be financed under a $5 million U.S. Export-Import Bank credit made available to two Chinese banks for sub-loans to industrial enterprises.

CHIEF TAIWAN IMPORTS FROM U.S.: machinery, soybeans, cotton, wheat, electronic components, aircraft and parts, tobacco, iron and steel pipe. CHIEF TAIWAN EXPORTS TO U.S.: clothing, plywood, transistor radios and electronic components, sugar, canned mushrooms, canned pineapple, plastic manufactures.

Thailand

Robust economic growth makes nation a billion-dollar import market

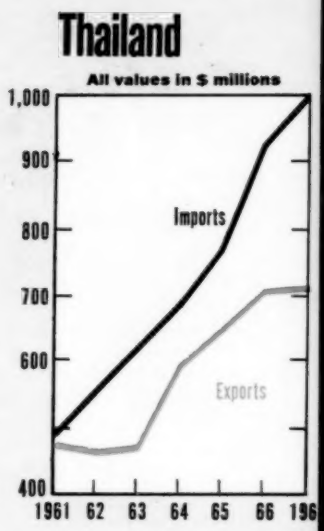
By RONALD D. FLACK
Far Eastern Division, BIC

Imports 1967

Total ..... $1,000 million*
From U.S. ..... $160 million*
U.S. share 16%*

Exports 1967

Total ..... $711 million
To U.S. ..... $100 million *
U.S. share 14%*
*Estimate



Thailand's strong economy shows no signs of weakening in 1968. Figures now available show that total imports topped the $1 billion mark in 1967 and are continuing to rise.

U.S. exports to Thailand, however, are not increasing as fast as those of other suppliers, notably Japan. Nevertheless, U.S. businessmen may anticipate continued high demand for U.S. products and can increase their exports to Thailand if they are willing to meet the vigorous competition.

All indications point toward a healthy increase in Thailand's gross national product for 1968. The country's foreign exchange position remains strong and should even improve during the year. The inhibiting effects of last year's drought appear to have run their course; hence the economy will probably pick up the growth momentum lost in 1967.

Revised figures on the growth of the gross national product in recent years reveal that, in real terms, it grew by 11.1% in 1966 and 4.9% in 1967 to a total of about $5 billion. This drop in the GNP growth rate was due to the 1967 drought. Agricultural production decreased by 8% during 1967. Nevertheless, the GNP, buoyed by strong increases in the services, construction and manufacturing sectors, still managed a 4.9% increase in real terms, an increase that many countries would be happy to achieve in a good year.

Despite the relatively low growth rate in 1967, it should be pointed out that Thailand is very close to achieving its target of an 8.5% annual increase in growth during the first two years of the Second Five Year Plan (1966-71).

Realistically, it would be difficult to predict an 8.5% growth rate in 1968; something slightly lower might be more in line with the present indicators. However, the Thais are busy deciding how to utilize the skills and capabilities created in the boom of the past few years in regaining the rapid momentum of the Thai economy.

Rugged competition

The business outlook is good, and prospects for increased sales of U.S. products are excellent. Some businessmen are still feeling a pinch due to the tight economic situation resulting from last year's drought. Accordingly, the competition, especially with respect to prices and terms, will be rugged. Aggressive U.S. traders are confident, however, that they will be able to sell effectively in the Thai market under these conditions.

The average consumer price index for 1967 was up 3.4% over the figure for 1966. This is not a high rate of increase and the sound monetary and financial policies of the Thai Government can be expected to keep inflation to a minimum.

Total imports in 1966 amounted to $925 million, of which $152 million (16%) came from the United States. Latest available Thai figures on 1967 imports show that of an estimated total of $1 billion, an estimated $160 million (again, 16%) came from the United States.

According to U.S. Census data, American exports to Thailand grew by 28% in 1967. Yet, our exports to Thailand for January through April 1968 amounted to $56 million, compared to $54 million for the same period in 1967, a gain of only 3.7%. These figures exclude special category and military-related shipments.

Japan is our biggest competitor in the Thai market, with a 33% share in 1965 and 35% in 1966. This growing share, when compared to our stable share, shows that other suppliers are out-competing the United States in the Thai market.

Industrial, construction and transport equipment represent the largest portion of U.S. imports, accounting for almost 50% of the total. Demand is expected to increase for these types of goods as the economy grows and expenditures for government development programs are made.

Other promising product lines include air conditioning equipment, supermarket equipment, communications equipment, business machines, and related products.

CHIEF THAILAND IMPORTS FROM U.S.: machinery, unmanufactured tobacco, road motor vehicles, cotton, aircraft, petroleum products, chemicals, pharmaceuticals, paper. **CHIEF THAILAND EXPORTS TO U.S.:** tin, tin residues, tapioca and cassava, sugar, crude rubber, kapok, shrimp.

Status of reserves

Thailand's gold and foreign exchange reserves were held to a 6.2% increase in 1967. This small increase, in comparison to previous years' increases, was partly due to some losses due to the British devaluation. Nevertheless, Thailand's foreign exchange position is strong enough to assure a continuation of its liberal import policy. A trade deficit of between $200 and $300 million in 1967 was more than covered by capital imports, foreign borrowings, earnings from tourism, and invisibles related to the U.S. military presence in Thailand.

Thus the balance of payments, while still in surplus, dropped from a surplus of $158 million in 1966 to $61 million at the end of 1967.

Plans are underway for a cargo and materials handling equipment show at the U.S. Trade Center in October, and for a water resources and urban sanitation equipment show in November. Both events will have related trade missions. The Trade Center is continuing its broad program of activities designed to help the U.S. businessman sell in the Thai market.

The investment climate in Thailand remains good. The combination of investment incentives and one of the fastest growing economies in Southeast Asia continues to attract foreign capital.

Near East-South Asia

Short-term outlook for U.S. exports is mixed, but long range prospects are improving

By JOHN P. EDWARDS
Near East-South Asia Division, BIC

While long-range prospects for U.S. sales to the Near East-South Asia are good, the outlook is less favorable for the immediate future. The closure of the Suez Canal, the continuing impact of the Arab-Israeli conflict, and reduced levels of economic aid make it difficult to foresee more than a marginal increase in 1968 over 1967's $2,562 million sales figures, unless unexpected large-scale purchases (e.g. aircraft, refineries, food-grains) are made during the last half of the year.

U.S. exports to the area during the first four months of 1968 were valued at $877 million, down 6.1% from $934 million in the same period of 1967. Pakistan, Turkey, India, and the United Arab Republic (U.A.R.) together imported $93 million less in U.S. goods during this period in 1968 than in 1967, while combined exports to Iraq, Jordan, and Kuwait declined by another $32 million. An increase of $63 million in exports to Iran, Israel, and Saudi Arabia only partially offset this decrease.

U.S. sales to India, our most important market in the area, are expected to be slightly lower than the 1967 figure of $955 million because of the uncertainty about AID levels, a shortage of foreign exchange and an increasing debt-service burden.

AID levels reduced

Lower AID levels to Turkey and Pakistan will also hinder any growth in U.S. exports to these countries. Increasingly strong competition from the British, the Germans, and the Japanese also faces the American businessmen attempting to retain the U.S. share of the market.

Lebanon has been hit hard by a banking crisis and the Arab-Israeli war and its aftermath. The resulting depressed levels of tourism and financial activity are restraining imports, and only a slight gain is anticipated over 1967 U.S. sales of $55 million.

Israel's economy has rebounded sharply from the recession of 1966-67, and the country's imports of U.S. goods may well surpass all previous levels this year. Record voluntary remittances from abroad are supporting additional government spending, and private expenditures for imports should rise rapidly as the economy continues its expansion. If Israel's trade deficit continues to increase as it did in the first quarter, however, governmental action to slow down the growth rate can be expected.

The utilization of oil revenue in major development programs in Iran and Saudi Arabia led to record imports of U.S. products in 1967, and they have continued to increase their purchases in the initial four-month period of 1968 as U.S. exports rose 28% and 34% respectively, compared with the same 1967 period.

Oil underwrites development

Oil revenue of about $850 million in 1968—80% of which will be invested in the Fourth Development Plan which began on March 21—is expected by Iran. U.S. capital goods and services should find an excellent market in this country.

Planning for still more development projects is well under way in Saudi Arabia as the nation seeks to take advantage of anticipated oil revenues of some $950 million. While food products, machinery, and vehicles will likely remain the mainstays of U.S. trade with the country, excellent opportunities are available in a wide field af activity—particularly construction.

The remaining member of the large-scale oil producers' triumvirate—Kuwait—expects petroleum revenue of some $750 million in 1968. Although Kuwait and its neighboring principalities boast the highest per capita import levels in the world while concurrently maintaining a balance of payments surplus, U.S. sales to this market have shown a slight decline so far this year from those in the first four months of 1967.

It appears, however, that the low point was reached during the last quarter of 1967—a time when adjustments were being made to compensate for the closure of the Suez Canal—since U.S. sales of the first quarter of 1968 exceeded those of the last quarter of 1967. This reversal of the downward trend probably will mean increasing U.S. sales this year.

The U.A.R. continues to suffer from a shortage of foreign exchange despite healthy contributions from Kuwait, Libya, and Saudi Arabia. U.S. sales to this country, which reached $246 million in 1964 during the peak of U.S. shipments of agricultural commodities under PL-480, will probably not exceed $30 million in 1968.

Agreement was reached recently on the formation of a Federation of Arab Arimates in anticipation of the scheduled withdrawal of British forces from the Persian Gulf in 1971. This Federation will be composed of Bahrain, Qatar, and the seven Trucial States. This area, whose oil production is increasing at an extremely rapid rate, has often been neglected by American businessmen, who would find ready markets here for a wide range of products.

Among the Trucial States, Abu Dhabi stands out as the best potential market for U.S. goods while Dubai is expected to continue its growth as an entrepot for the area. Bahrain, Qatar, and the Sultanate of Muscat and Oman are also relatively promising areas.

Both Iraq and Syria have continued to maintain a partial unofficial boycott on U.S. goods, apparently allowing purchases from the U.S. only in those cases when no substitute is available. Trade with these countries has, as a result, declined materially from its former level.

Although Jordan has not made it a policy to avoid the purchase of U.S. products, a severe foreign exchange shortage, as well as the present political situation, make it apparent that a decline in U.S. sales is likely.

U.S. sales to Afghanistan are largely conditioned by AID levels, since three-fourths or more of our exports to that country are financed by AID. A PL-480 assistance program has also assumed a large proportion of our sales to Ceylon.

Tariff rates lowered

Tariff rates have been lowered on various commodities by Iran, Israel, and Cyprus this year, and Pakistan has moved to amend its onerous administrative procedures which served to slow down imports.

Capital goods, industrial raw materials and inputs for planned development programs offer the largest sales potential throughout the area. Of particular significance are such items as power generating machinery, agricultural machinery, irrigation equipment, food processing machinery, and fertilizers. Essential consumer goods such as cereals and pharmaceuticals should also continue to account for a large portion of U.S. sales to the area. Consumer durables are in demand in the oil-rich areas like Saudi Arabia and Kuwait, as well as in Lebanon.

India

Record crop year, drop in foreign aid will curb imports; U.S. share to continue

By JOE LILL
Near East-South Asia Division, BIC

India's imports are expected to decrease somewhat in 1968, along with U.S. exports, but little percentage change is anticipated in the large U.S. market share, which has remained fairly constant over the past several years.

The forecast of a lower Indian import bill is based primarily on the sharp reduction of foreign aid and a probable fall in grain imports in view of the narrowing gap between domestic food production and consumption requirements. However, a substantial drop in imports is not expected since demand for inputs to fuel India's priority industries should equal and may well exceed the 1967 level. Despite their lower volume, aid funds are adequate to finance the liberal program for these industrial imports.

The gross national product for India's fiscal year ended March 31 was $40.3 billion (1966 prices), a gain of 9.2% over the preceding year. Per capita GNP was estimated at $99 (up from $74 in 1966-67), based on a population estimate of 513 million.

June 30 marked the close of a most encouraging agricultural year which saw foodgrain production soar to a new record, now estimated at over 100 million tons. This compares with the 75 million ton production last year and the previous record output of 89 million tons in 1964-65.

Record rice and wheat production

Wheat production this year, at 16-18 million tons, rose at least 30% above the 1965 figure and last winter's production of rice, India's major grain crop, was 41 million tons—another record performance. Intensive efforts to increase the production of these and other grains and crops continue and India expects to attain self-sufficiency in food by 1972.

During the past three Indian fiscal years, wholesale prices registered an average 12% annual increase. However, in the 4-month period following their October 1967 peak, food prices declined 10.8% and industrial raw materials 6.2%. Continuance of the downward trend will depend mainly on favorable 1968 monsoons.

In 1967, the U.S. continued as leading exporter to India, raising its share of the Indian market from 37.5% to 38.1%. However, the U.S. yielded to the United Kingdom in 1967 as the major importer of Indian goods, the U.S. share dropping from 19.3% in 1966 to 16.9%.

The U.S. supplied 65.3% of all manufactured fertilizers imported by India last year, with U.S. sales increasing from $76.6 million in 1966 to $103 million in 1967. The upward trend is continuing this year.

Foodgrains exports totaling $396.2 million accounted for 41% of U.S. sales to India last year, compared with 53% in 1966. American sales of organic chemicals amounted to $13.6 million, up 90% over 1966.

Significant gains were also made in U.S. sales of soybean oil, cotton, sulfur, chemical wood pulp, transport equipment, iron and steel, lube oils, and medicinal and pharmaceutical products.

Indian import policy for the current fiscal year (April 1, 1968-March 31, 1969) continues the liberal provisions for import of raw materials, components, and spares for priority industries. At the same time, further commodity import restrictions were introduced by the addition of many domestically manufactured products to the banned import list.

U.S. fertilizer opportunities

During the three-year period ending March 1971, India reportedly intends to spend over $1 billion on fertilizer imports, including $330 million this year. U.S. suppliers should closely pursue opportunities not only for AID-financed fertilizer sales but also for orders financed from India's free foreign exchange.

Expanding Indian markets also offer opportunities for American suppliers of chemicals, tractor tires, heating and cooling equipment, cultivating machinery, and food processing machinery.

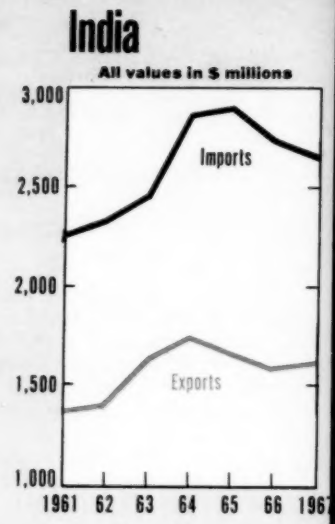
CHIEF INDIAN IMPORTS FROM U.S.: grains, machinery, fertilizers, cotton, transport equipment, soybean oil, nonferrous metals, lube oils. **CHIEF INDIAN EXPORTS TO U.S.:** jute and cotton fabrics, cashews, tea, shellfish, sugar, precious and semi-precious stones, nonferrous ores, coffee.

Imports 1967

Total ..... $2,686 million
From U.S. .... $1,023 million
U.S. share 38.1%

Exports 1967

Total ..... $1,613 million
To U.S. ..... $272 million
U.S. share 16.9%



Foreign aid drops

Non-project assistance from the India Consortium dropped from about $900 million in Indian fiscal year 1966-67 to about $550 million in 1967-68, U.S. contributions declining from $382 million to $295 million. The International Development Association, which provided $215 million in 1966-67, was unable to contribute the following year.

The level of Consortium aid for the current year is as yet undetermined, but unspent funds from earlier development loans are now being utilized to maintain imports approximately at 1967 levels.

India is attempting to improve foreign exchange earnings through various measures such as export incentives, product improvement, and promotion of non-traditional exports. Nevertheless, the deficit on trade account has hovered at the $1 billion mark for a number of years and some deficit is likely to continue.

The industrial sector seems to be recovering from recession, but less quickly than had been anticipated. The index of industrial production rose only 1.4% during April-December 1967.

Heavy engineering and textiles are the principal problem industries. In contrast, there has been marked improvement in brass and aluminum manufactures, petroleum products, electrical machinery and appliances, rubber goods, and chemicals.

Iran

Growing affluence, investment projects expand consumer and machinery imports

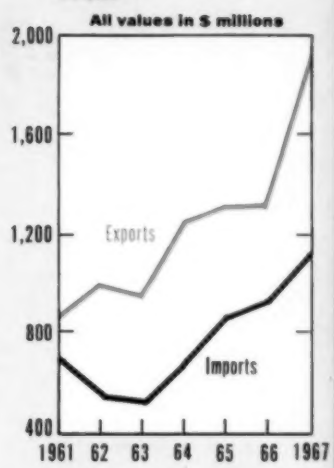
By ROGER D. SEVERANCE
Near East-South Asia Division, BIC

Imports 1967

Total	$1,126
From U.S.	$213
U.S. share	18.9%

Exports 1967

Total	$1,930
To U.S.	$72
U.S. share	3.7%



The rise in Iranian imports, which have doubled in value during the last four years, shows no signs of slackening. U.S. exports, in keeping pace with the increase in total import demand, are expected to exceed $300 million in 1968.

Oil revenues, government expenditures for economic development, and private and public investment continue to provide the impetus for import demand. Shipments of machinery and equipment for new multimillion dollar projects now under construction, such as the Iran-USSR Natural Gas Pipeline, the Isfahan Steel Mill, and Allied Chemical's Bandar Shahpur petrochemical complex should swell Iran's total import level.

Iran's gross national product has been expanding at a substantial rate for the past several years. At the end of 1967 the GNP was estimated at $6,856 million, a rise of 9% for the year. Moreover, the high growth rate has been accompanied by relatively stable price levels. Both the cost of living and wholesale price indices show less than a 1% rise in prices during the latest annual period.

With a booming economy, reflected by an upswing in virtually all economic indicators, business confidence is high. Growing affluence, particularly in the Tehran area, has contributed to a sizable and diversified demand for consumer goods.

U.S. exports jump

U.S. trade statistics show our exports to Iran rose 7% in 1967 to $246.1 million (1966—$230.4 million) while imports from Iran dropped to $82.7 million from $114.7 million in 1966. During the first four months of 1968 U.S. exports were up 28%, to $92 million compared to $72 million for the same period in 1967.

For the fourth consecutive year, total Iranian imports rose, reaching $1,126 million in 1967. The U.S. maintained its position as Iran's second leading supplier, next to West Germany.

Iran's annual Import-Export Regulations issued March 27 represented no major change in trade policy. The number of imports requiring prior approval by the Ministry of Economy was increased as the policy of protecting local industry was continued.

Iran continues to take steps to expand its trade with the Soviet Union and Eastern European countries by means of bilateral payment agreements. Recent agreements generally call for imports of machinery and equipment and exports of Iranian crude oil and natural gas, although actual deliveries of these Iranian exports have yet to be made. There are indications that some goods imported under bilateral trade agreements will not be allowed to be imported from other sources.

With the advent of the new Iranian year on March 21, Iran embarked on a new five year development plan. Called the Fourth Plan, it projects a 9% annual increase in national income and provides for a total investment of $10.8 billion in development projects over the five year period. Of the total investment, $6.8 billion is expected to come from the Iranian Government, the balance from private sources. Eighty percent of Iran's oil revenues are to be allocated to the Plan Organization, the government agency charged with administering the Fourth Plan.

The new development plan is more industry-oriented than its predecessors. Basic industrial facilities—iron and steel, petrochemicals, and aluminum—are to be constructed. Additional investment is anticipated in manufacturing plants which will further process the semimanufactured goods produced by these basic industries as well as in agriculture and agriculture-related industries. Further development of roads, railroads, ports, airports, pipelines, dams, power generating and transmission facilities begun in preceding plans will also be emphasized by the Government.

CHIEF IRANIAN IMPORTS FROM U.S.: agricultural tractors, automobiles, copper ingots, patent medicines, animal oil. CHIEF IRANIAN EXPORTS TO U.S.: crude oil.

Many opportunities exist for U.S. exporters as a result of Iran's development efforts. In addition to capital goods and equipment for the various new industries, railroad equipment, construction and road building machinery, power generating and transmission equipment, radio transmitters, mining equipment, oil field equipment, agricultural implements, irrigation equipment, and medium- to large-sized agricultural tractors offer good sales potential.

Oil production surges

Iran's oil revenues rose sharply in 1967 as the country benefited from reduced shipments from neighboring Arab oil countries. A 23% increase in crude oil production netted Iran a total of $813 million in oil income for 1967, including local expenditures by oil companies. Oil revenues are expected to continue to rise during 1968, but not at as high a rate.

In January a group of American agribusiness industrialists visited Iran under the sponsorship of the Development and Resources Corporation of New York to study the possibilities of commercial farming operations in the Khuzistan area. Coinciding with the visit was the announcement by the Iranian Government of the establishment of an Agricultural Development Fund, which will receive an initial allocation of $13 million and the authority to borrow up to $200 million from foreign sources. It will be permitted to make project loans or take equity positions in joint ventures and it will work closely with the Industrial and Mining Development Bank of Iran in the financing of consortium-type proposals.

Israel

Imports expected to climb, with U.S. retaining share of growing market

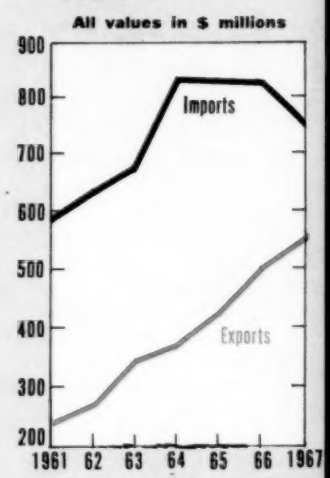
By RAYMOND S. YAUKEY
Near East-South Asia Division, BIC

Imports 1967

Total ..... $755 million
From U.S. ..... $192 million
U.S. share 25.4%

Exports 1967

Total ..... $558 million
To U.S. ..... $90 million
U.S. share 16.1%



There is every prospect that the level of Israel's imports will continue the upward trend that began after the Arab-Israeli crisis of June 1967, and that the U.S. will retain its leading share of the growing Israeli market.

A quickening of economic activity is taking place as a result of increased government spending and some tax reductions aimed at accelerating development of key industries, while at the same time the government is applying monetary restraints to keep the lid on prices and wages.

Israel's Gross National Product is expected to rise in 1968 by 6-8% to a level of some $4.2 billion in current prices. This is considered the maximum growth rate that can be tolerated this year without regenerating the earlier inflationary pressures and price rises which resulted in an annual GNP growth rate sometimes exceeding 10% during the years prior to 1966. Signs of incipient recession in 1965, and a program of retrenchment launched in 1966, brought economic growth virtually to a standstill during 1966 and 1967.

Some advance in price levels during 1968 is almost inevitable, as a result of high demand, relatively full employment, and the sizeable proceeds deriving from private contributions and bond sales in the United States and elsewhere.

Imports set record

Israel's total imports reached a record $243 million in the first quarter of 1968, as against $204 million in the same quarter of 1967; and U.S. exports to that market rose in about the same proportion to $65 million during the same quarter of 1968, as against $55 million one year earlier. Moreover, preliminary figures indicate that U.S. exports to Israel in April 1968 rose even more sharply to $23 million, making a total of $88 million for the first four months of 1968, as compared to $66 million for the same period in 1967, an increase of 33% for the four-month period.

It is evident from these figures that the United States has retained its leading share of some 25% of the expanding Israeli import market, and may be in the process of increasing that share. This is noteworthy because of the devaluation of the pound sterling last November.

The devaluation gave to the United Kingdom, which is Israel's second largest supplier and the chief competitor of the United States in that market, a new competitive advantage in its export prices. Since Israel also devalued its own currency to keep the Israeli pound at par with the devalued pound sterling, the net effect was to leave unchanged the price of British goods in the Israeli market, while increasing by some 17% the price of goods imported from the United States and most other foreign suppliers.

U.S. sales prospects

Israel is making efforts to prevent an excessive increase in its trade deficit, and U.S. sales are unlikely to exceed or even continue at the high monthly level reflected in the preliminary figure of $23 million for April 1968. Nonetheless, Israel's total imports are expected to increase from the 1967 level of $755 million to about the level that prevailed during the three preceding years, when imports totaled well over $830 million annually. Assuming a modest increase in the U.S. share of these sales, U.S. exports to Israel might reasonably be expected to approach a record total of $250 million in 1968.

Prospects are good for increased U.S. sales in a broad range of machinery and equipment suited to Israel's expanded industrial development program. Electronic gear, scientific apparatus, chemicals, and paper products also continue to show promise. Road vehicles and aircraft sales can be expected to continue at healthy levels; El Al Israel Airlines has just ordered three Boeing aircraft, including one of the new jumbo sized 747 jets, for a total of $45 million, with the help of an Export-Import Bank credit. Surplus foodgrain and vegetable oil sales will continue under a new $30 million authorization approved in March under P. L. 480.

CHIEF ISRAELI IMPORTS FROM U.S.: wheat, soybeans, telecommunications and electronic equipment, industrial machinery, aircraft, road vehicles, scientific apparatus, paper products, chemicals. CHIEF ISRAELI EXPORTS TO U.S.: diamonds, clothing and accessories, yarns and fabrics.

Twin objectives

Israel's current economic planning is intended to move the country simultaneously toward two primary objectives, without resorting to measures that tend to achieve one at the expense of the other. The first is to achieve and maintain an annual GNP growth rate of about 9%, without permitting excessive price rises which tend to increase the foreign trade deficit by reducing the price competitiveness of exports. The second objective is to reduce the trade deficit by means of expanding exports, without import reductions which tend to inhibit economic growth and lower employment levels.

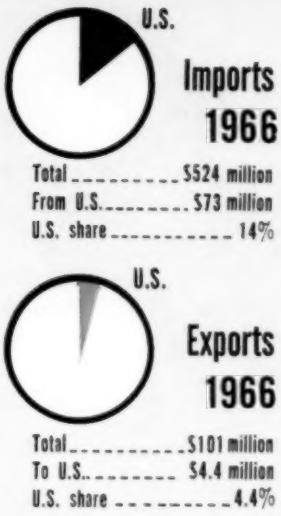
Israel's ambitious program of export-oriented industrial expansion will call for heavy additional investment in a variety of capital equipment. Much of this equipment will have to be imported.

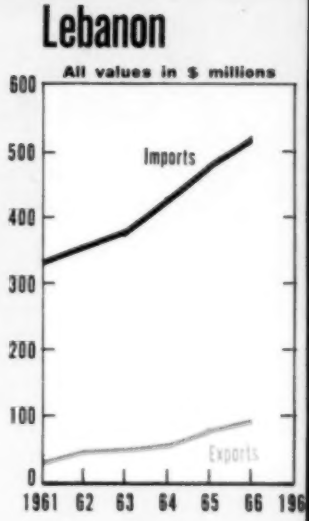
In addition, since this new industrial capacity is intended to produce for export, rather than to replace current imports with locally produced goods, the existing import market is not to be eclipsed by the planned expansion of local production. It augurs well for U.S. suppliers with an eye on the Israeli import market.

Lebanon

Economy weathers major crises, but forecast is for continued low U.S. exports to country

By JOHN P. EDWARDS
Near East-South Asia Division, BIC





Lebanese economic growth has yet to resume the brisk pace that prevailed prior to 1966, and imports from the U.S. can be expected to continue at the relatively low levels of 1967.

Despite back-to-back crises—a major bank failure in 1966 and the Arab-Israeli conflict in 1967—the economy has demonstrated its resilience by maintaining a strong currency and preventing large-scale unemployment. In addition, the closure of the Suez Canal continues to divert profitable entrepot trade through the port of Beirut, though trade for Lebanon's own account shows no sign of marked expansion in the immediate future.

Tourism, banking and construction—mainstays of Lebanese economic growth—are the areas hardest hit by the crises, and no sizable economic gains may be expected as long as these sectors remain depressed. The occupancy rates of most hotels, for example, have been far below normal, and in many cases below break-even points, for over a year. Lebanon is losing considerable foreign exchange due to this situation and some hotel owners and others dependent upon the tourist industry are likely to suffer severely.

The latent infirmities of the Lebanese banking system, exposed by the failure of Intra Bank (the country's largest) in late 1966, continue despite efforts at reform by the Central Bank, which recently took over two insolvent banking institutions. The government is continuing its search for a method by which to aid the commercial banks in the disposal of their real-estate and other long-term investments at an equitable price, thereby restoring an acceptable level of liquidity.

As a result of the banking crisis, much of the Arab oil capital which was formerly invested through Beirut now goes to other channels. The stronger banks continue to show growth in their deposits, however, and the recent resumption of limited activity by Intra Bank should have a beneficial effect.

The number of construction permits issued in 1967 was down 45% from the 1966 level, and it appears that this unfavorable trend will continue as long as there is political uncertainty in the area. While the government would like to speed up its development program in an effort to reverse the trend, decreased government revenue makes it apparent that much outside capital will be needed.

Efforts to obtain this financing, particularly from Lebanon's oil-rich neighbors, have so far been largely unsuccessful, although Kuwait has indicated it may assist in financing the construction of grain storage silos at the port of Beirut.

The volume of transit cargo handled by the port of Beirut was over 100% greater in the last six months of 1967 than in the same period of 1966, due to the Suez Canal closure.

Industrial exports have moved up concurrently, rising almost 60% in July-December 1967 over the like period a year earlier. However, the absolute size of this area of trade makes up only about 12% of the national income.

The increasing volume of transit trade has been especially helpful to Lebanon's airline industry. Middle East Airlines (MEA) and Lebanese International Airways (LIA) are passenger/freight carriers, and Trans Mediterranean Airways (TMA) is an all-cargo operation. TMA has been steadily adding to its services and both MEA and LIA have placed increasing emphasis on cargo operations in an attempt to offset the decline in tourist traffic since the Arab-Israeli conflict.

The U.S. share of the Lebanese market, which peaked at 13.9% in 1966, undoubtedly fell in 1967 (although precise statistics are not yet available) and will probably not begin to rise again until there is a general economic improvement in Lebanon.

Primary U.S. exports to Lebanon in 1967 were passenger cars and trucks, flour, electrical household appliances and heating and cooling machinery and parts. Lebanon remained the largest single purchaser of U.S.-made refrigerators, buying slightly over $2 million worth.

CHIEF LEBANESE IMPORTS FROM U.S.: passenger cars and trucks, wheat flour and meal, electrical household equipment, heating and cooling equipment, medical and pharmaceutical preparations, organic chemicals. **CHIEF LEBANESE EXPORTS TO U.S.:** unmanufactured tobacco, sheep and lamb skins, works of art and antiques, wool, travel goods and handbags, carpets and rugs.

Competition for U.S.

Increased competition from several sources will confront U.S. businessmen seeking to expand their sales in Lebanon. The United Kingdom has a price advantage because of the sterling devaluation and the French are armed with a $25 million loan/credit in their drive to regain their former pre-eminence in the country. Both the Japanese and the Eastern Europeans, moreover, are becoming increasingly active in the area.

Current prospects for U.S. sales to Lebanon are most promising in the categories of electronic equipment, automotive equipment and spare parts, chemicals and household appliances. Shipments of wheat, negligible in 1967, should rise markedly under U.S. Commodity Credit Corp.

The Sample Display Service at the American Embassy in Beirut provides an inexpensive and convenient method of securing agents for the Lebanese and Near East markets. The Embassy also maintains a Regional Business Information Center, and publishes a commercial newsletter in English and Arabic, which is distributed throughout Lebanon and other nearby markets.

Pakistan

Good crop prospects, questionable foreign aid levels may limit U.S. export market

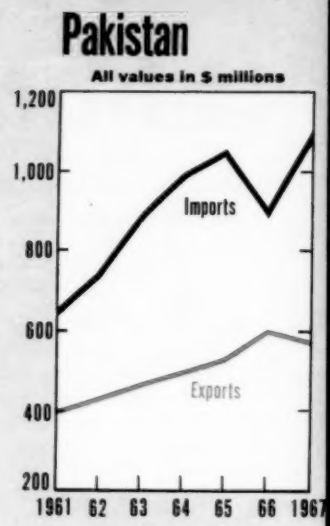
By JOSEPH C. WILSON
Near East-South Asia Division, BIC

Imports 1967

Total ..... $1,101 million
From U.S. ..... $361 million
U.S. share 33%

Exports 1967

Total ..... $569 million
To U.S. ..... $47 million
U.S. share 8%



Pakistan imported about 12% less during January-April 1968 than during the same period last year. Indications are that the overall import bill will remain somewhat below that of 1967.

Anticipated improvement in the agricultural sector has reduced the country's dependence on foreign foodgrains. In addition, delays in obtaining foreign assistance forced the Government of Pakistan to restrict the flow of imports during the first few months of this year.

Uncertainty about the amount of foreign aid available for the second half of 1968 may result in similar restrictions over the coming months. The country's present strong export performance only partially compensates for the uncertainty about assistance. So far, exports are running approximately 22% over last year's figure.

The 1967 gross national product (GNP) reached an all-time high of $13.5 billion in current prices, according to a recent estimate. With an anticipated growth this year of 8.3%, the average for the first three years of the Third Five Year Plan (1965-70) would reach 6%. This is still somewhat short of the Plan's annual target rate of 6.5%.

Industrial plans

Pakistan's economic planners have recently reviewed the Comprehensive Investment Schedule, their blueprint for industrial development, and have established priorities for future domestic and foreign investment. Emphasis will be on industries supporting agriculture or using its products, and those producing for the export market, replacing imports or using raw materials available locally.

Industries high on the list are; agricultural machinery and chemicals, cotton and jute textiles, footwear, clothing, dairy and poultry, grain milling, tobacco, cement, food storage, petrochemicals, and iron and steel.

The business community has been generally encouraged by the Government's efforts to liberalize its import policy. Steps taken to place more reliance on market factors rather than depending upon direct controls to regulate the flow of imports were well received by most businessmen.

With a new policy due this month the attitude is one of watchful waiting. Continuation of a liberal policy will depend upon how the Pakistan Government views its foreign assistance prospects for the next twelve months.

The budget which was announced June 8 pleased business by its attempt to avoid new taxes while at the same time rationalizing the tax structure, particularly those taxes levied on imports. On the negative side, businessmen speak of dangers in the expansion of the Government's new state trading agency.

Although there appears to be an unfortunate tendency on the part of the Pakistan business community categorically to classify U.S. products as too expensive for a price-conscious country chronically short of foreign exchange, the buyer is otherwise favorably disposed toward U.S. goods.

The generalized impression of high prices is due, at least in part, to the fact that the country has imported some U.S. commodities under the Agency for International Development (AID) program with little regard for cost. There are indications that future purchases will be made on a more businesslike basis.

With some exceptions, American business has not been particularly aggressive in its approach to the Pakistani market. Sales volume has been measured fairly closely by the size of the current AID program in a market in which a strong effort is required to meet the competition of British, German, other European, and Japanese suppliers ready to provide excellent credit terms and a wide variety of services to prospective customers.

Opportunities developed by a U.S. Trade and Investment Mission to Pakistan during February and March of this year (see INTERNATIONAL COMMERCE, Apr. 15, 1968) have been brought to the attention of American businessmen and, hopefully, will stimulate a greater interest in the market and lead to expanded commercial sales.

Largely because of AID sales, the United States continued as Pakistan's principal supplier during 1967, with its share of the market at 33%, followed by the U.K. (13%), and Germany (9%). The best opportunities for U.S. exports appear to be in chemicals and fertilizers, farm machinery, irrigation equipment, transport and earthmoving equipment, food processing machinery, and electrical equipment.

Although Pakistan continues to feel the pinch of a severe shortage of foreign exchange (holdings totaled $182.6 million in March—enough to finance approximately two months' imports) the Government has announced its intention to establish an import policy which will keep administrative interference with trade to a minimum.

Undoubtedly a considerable amount of goods will continue to come under one of several variations of the Bonus Voucher Scheme (See INTERNATIONAL COMMERCE, Sept. 11, 1967, p. 21, for an explanation of the export bonus system) in order to allow market forces a chance to influence the allocation of resources.

CHIEF PAKISTAN IMPORTS FROM U.S.: foodgrains, transport equipment, machinery, electrical equipment, iron and steel products, fertilizers, vegetable oils. CHIEF PAKISTAN EXPORTS TO U.S.: jute and cotton textiles, raw jute, wool, shellfish, hides and skins, leather goods.

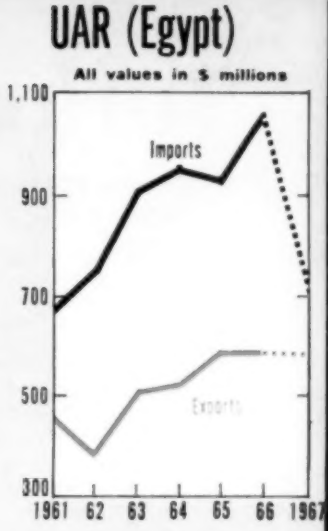
UAR (Egypt)

Foreign exchange shortage, tensions in area limit prospects for imports

By RAYMOND S. YAUKEY
Near East-South Asia Division, BIC

Total ..... $540 million *
From U.S. ..... $56 million *
U.S. share ..... 10.4% *

Total ..... $444 million *
To U.S. ..... $10 million *
U.S. share ..... 2.3% *
* Jan.-Sept. figures



The United Arab Republic continues to limit its imports, and there is little prospect for any marked expansion of U.S. exports to that market in the near future.

The UAR's depleted foreign exchange reserves are inadequate to finance the heavy deficits that characterized the country's trade pattern in the years prior to 1967.

In addition, since the crisis of June 1967, the UAR has lost its foreign exchange income from the Suez Canal; and its earnings from cotton exports and tourism, the other two principal sources, have been badly impaired. These circumstances and continuing tensions in the area are factors that foreign suppliers take into account in assessing the UAR market.

The gross national product of the UAR in 1966 rose to $5.1 billion in current prices, a 6.3% increase over the preceding year. The GNP growth rate has been declining somewhat since about 1965; and the disruptive forces generated by the Arab-Israeli hostilities in June 1967, combined with a reduction in industrial imports, are estimated to have depressed GNP growth in 1967 to less than 6% in current prices.

Imports down

Egypt's imports totaled only $540 million for the first nine months of 1967, as against $816 million for the same period in 1966. The decrease in imports had the beneficial effect of reducing the trade deficit to $96 million, compared to $349 million for the same nine months in 1966.

However, most of the import reductions reflected decreased purchases of industrial raw materials and capital goods, rather than any cutback in imports of consumer goods. The effect of such reductions is to retard future industrial growth, while allowing consumption to continue at present levels.

The U.S. share of the UAR market continues to decline. UAR imports from the U.S. amounted to only $56 million, or 10.4% of the total, during the first nine months of 1967. This compares to a U.S. share of 17.3% ($141 million) for the same period in 1966.

Although this sharp reduction in U.S. sales is partly a result of the June crisis of 1967 and its aftermath, the change in Egypt's trading pattern has been manifest for several years in less exaggerated form. Egypt's main export—cotton—has had few markets in the west in recent years, and has therefore been sold principally to the Communist countries. As a result, a continuing shortage of hard currency has led the UAR to rely increasingly on soft currency suppliers from which essential imports can be obtained under bilateral payments agreements.

The termination of U.S. PL-480 surplus foodgrain sales in 1966 further reduced the U.S. share of the UAR market, as the latter was obliged to turn to alternate sources to meet much of its continuing food requirements.

The best prospects for such limited sales as can be foreseen in the immediate future are foodgrains and edible oil (commercial sales only, in the absence of any PL-480 program), insecticides and fungicides for treatment of the cotton crop, and certain mining and construction equipment for high priority development projects.

Aircraft sales are another possibility. The Egyptian flag airline, United Arab Airline, is preparing to put into service the first of two Boeing 707 aircraft it has on order, the first to be delivered later in 1968 and the second in 1969.

Suez, cotton, tourism

Continued closure of the Suez Canal is depriving the UAR of transit fees, which brought in $219 million in 1966. In addition, raw cotton exports to buyers east of the Canal have suffered because of shipping delays resulting from the disruption of Suez traffic.

The National Bank of Egypt reported at the end of 1967 that exports of raw cotton during the first two months of the current season (Sept. and Oct. 1967) totaled only $2.4 million, compared to $6.2 million during the same two months in 1966, largely because of delays in shipments to principal Far Eastern buyers.

Tourism is normally the third principal source of convertible foreign exchange for the UAR and, though tourist traffic is recovering slowly, a number of Cairo tourist hotels have not yet reopened for business since they closed for lack of clientele in the summer of 1967.

The UAR announced last November that visitors from the United States, including tourists, would be welcome; and, at the same time, the United States lifted the restriction it had imposed five months earlier on travel by U.S. citizens to the UAR (though diplomatic relations have not yet been restored). However, it will be some time before the UAR's hard currency earnings from western tourists reach the pre-crisis level of $40 to $50 million annually.

To help offset these losses, the chief oil producing Arab states—Kuwait, Saudi Arabia and Libya—agreed in September 1967 to make a compensatory payment to the UAR amounting to $266 million annually.

To most U.S. investors, the climate for private foreign investment in the UAR does not appear attractive. The official attitude toward oil seems an exception. U.S. oil companies active in the UAR have, with the encouragement of Egyptian authorities, continued their operations without significant interruption.

CHIEF UAR IMPORTS FROM U.S.: wheat, soybean and animal oils, construction and mining machinery, insecticides and fungicides, chemicals. CHIEF UAR EXPORTS TO U.S.: raw cotton, yarn, fabrics.

Turkey

Continued expansion creates sales potential for farm, industrial goods

By PETER B. HALE
Near East-South Asia Division, BIC

The rapid expansion of the Turkish economy is continuing, but trade prospects continue to be limited by insufficient foreign exchange reserves. Opportunities for U.S. sales of selected industrial and agricultural machinery and equipment continue plentiful, however.

Turkish GNP, in real terms, averaged a 6.7% annual growth rate during the just-completed First Five Year Plan (1963-67), and prospects for maintenance of this rate appear excellent. Foreign exchange availability remains extremely limited, however, in spite of increased export earnings, due to reduction of foreign assistance from the OECD Consortium for aid to Turkey.

Turkey's Second Five Year Plan (1968-72) again calls for a 7% annual growth rate for the GNP. The emphasis will be on industrial expansion, with a 12% annual increase programmed for the industry sector.

The foreign exchange shortage will prevent imports from reaching the scheduled $835 million level, but the total should exceed the $685 million posted in 1967. The continuing economic expansion of the country has resulted in a buildup of demand for imports, causing Turkish authorities to tightly regulate import priorities in line with industrialization aims. Thus, sales possibilities in Turkey are almost entirely limited to industrial machinery, components and raw materials.

Exchange shortage hurts

The lack of adequate foreign exchange resources continues to pose the major problem for Turkey's industrial development. Although assistance from some European members of the OECD Consortium has increased this year, the overall level has declined, creating a shortfall in terms of Turkey's expectations. Remittances from Turkish workers abroad have also declined sharply.

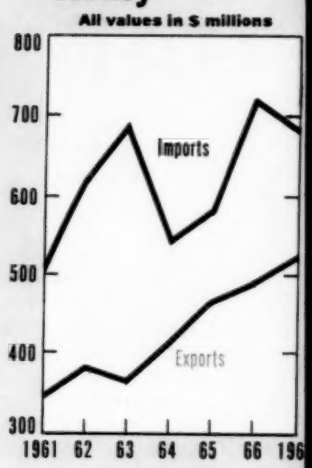
On the brighter side, especially for the long term outlook, Turkish export earnings exceeded the planned 1967 level, and continued to run ahead of expectations during the first four months of 1968. Also, new Turkish regulations granting a 12 lira per $1 exchange rate for tourists, as opposed to the general rate of 9 lira per $1 should result in an increased flow of foreign exchange through official channels from this new source.

Imports 1967

Total ..... $685 million
From U.S. ..... $123 million
U.S. share 18%

Exports 1967

Total ..... $523 million
To U.S. ..... $93 million
U.S. share 18%



Turkish statistics show that imports from the U.S. fell in 1967 to $123 million, from the 1966 level of $174 million. Figures for the first four months of 1968 indicate further declines. U.S. export figures do not reflect as large a decline (from $265 million in 1966 to $252 million in 1967) due principally to the inclusion of shipments of special category goods.

Much of the fall can be traced to a lower level of U.S. assistance, although commercial sales have also declined. The Western European countries were the chief beneficiaries of the U.S. decline, especially West Germany, which replaced the U.S. as Turkey's major supplier.

In spite of this decline, possibilities for U.S. sales to Turkey remain good in many product areas. Based on comments from U.S. businessmen presently selling in Turkey, the key to success appears to be personal, on-the-spot representation, combined with flexibility toward price, sales, and payment terms during the inevitable rounds of negotiations which frequently accompany purchases of foreign products by Turkey.

Numerous cases have been reported of representatives of U.S. firms which had never considered Turkey as a market for their products visiting Turkey while traveling in the area and returning with handsome orders for such products as mobile radio transceivers, fertilizers and construction equipment.

CHIEF TURKISH IMPORTS FROM U.S.: motor vehicles, construction and mining equipment, industrial machinery, lube oils, internal combustion engines, rubber, agricultural machinery, milk and cream. **CHIEF TURKISH EXPORTS TO U.S.:** tobacco, hazelnuts, chrome ore.

Best potential

Turkey's emphasis on industrial expansion indicates a strong market for industrial machinery; especially machine tools for the metalworking industry; equipment for mining and processing mercury, boracite, iron ore, coal (lignite) and chrome ore; and excavating and leveling equipment for road building and construction.

The need for greater export earnings opens the door for sales of food processing machinery, to prepare Turkey's fruits, vegetables and nuts for export markets. Processing and packaging equipment for the citrus industry is especially needed.

In the same vein, Turkey's aim of food self-sufficiency is leading to increased imports of fertilizers, seeds, and agricultural machinery, such as small tractors, tilling equipment including animal drawn, sprayers, harvesters and threshers. Fertilizer sales, in particular, have proved to be a bright spot in U.S. sales so far this year, as U.S. firms have won contracts in international competition to supply over $8 million of Turkey's needs.

The U.S. will participate in the annual Izmir Fair this year, to be held Aug. 20-Sept. 20. Firms interested in this and next year's fairs should have their Turkish agents convey their interest to the American Consulate General, Instanbul.

Contracts for several major construction projects are expected to be let later this year, including those covering the proposed Bosphorus Bridge in Istanbul, a municipal sewage and garbage disposal plant in Izmir, and an irrigation project in southern Turkey.

African growth continues

Good economic conditions, government programs foster increase in U.S. sales

By BARBARA HUDDLESTON
Africa Division, BIC

The African market for American goods continues to be one of steady growth. The present upward trend in U.S. sales to Africa indicates that the total value of 1968 exports should reach close to $1,130 million, representing a gain of some 3% over 1967.

Despite a drop in exports to such key market countries as Liberia, Nigeria, and South Africa, overall sales to Africa for the period Jan.-Apr. 1968 rose $12 million over the figure for the same four months of last year. This increase is attributable to generally healthy economic conditions throughout most of the rest of the continent, with Ethiopia, Ghana, Libya, and Morocco showing marked increases in their purchases from the United States. Other important growth markets for the United States in Africa include Tunisia, Algeria, Congo (Kinshasa), Zambia, Kenya, and the Ivory Coast.

A variety of factors account for the gradual upward trend in U.S. exports to these African countries. Principal among them are the discovery and development of mineral resources in several sections of the continent; the success of some African governments in putting plans for economic diversification into effect; and in some instances, the availability of funds loaned by the U.S. Agency for International Development for general commodity purchases and implementation of specific projects.

The steady growth of African purchasing power is indicated by the fact that the average growth rate for the continent has fluctuated around 4% per year since 1960 and gives every evidence of continuing at a similar rate for the immediate future. In 1965, the last year for which complete data are available, Africa's total gross domestic product (GDP), including South Africa, was estimated at $43 billion, while total imports came to $9.5 billion.

Diversified demand

Increased production in Africa means new market opportunities for American exporters willing to devote the effort needed to take advantage of them.

In general, the range of goods exported by the U.S. to Africa in significant amounts has become increasingly varied as the total value of sales has risen. Such product diversification in the African market reflects both the increased purchasing power of African countries as development efforts begin to show fruit, and the effect of intensive promotional work by American exporters previously unfamiliar with market possibilities.

Capital goods account for the largest volume of U.S. sales—$449 million in 1967. Within this category, industrial machinery, construction equipment, and excavating and paving machinery have consistently been big sellers in the African market; however, major increases in sales of such lines as telecommunications equipment, power-generating machinery, scientific instruments, business machines, machine tools, and air-conditioning equipment have contributed significantly to the overall growth of U.S. exports to Africa in recent years.

Nearly as important in 1967 were exports of industrial supplies and materials, which totaled $335 million. Chemicals, fertilizers, and insecticides; iron and steel products; newsprint and other paper products; and fabrics of man-made fibers were the top items, but some fifteen types of goods within this category sold in excess of $10 million.

Foodstuffs—primarily grains, dairy products, and food oils and oilseeds—are a third major export category for the United States in Africa. Slightly more than half of the $209 million total value of U.S. foodstuffs sales in 1967 was financed according to various provisions of Public Law 480.

Although African markets are keenly competitive, it is interesting to note that U.K. devaluation has not thus far caused a noticeable shift away from U.S. goods in favor of British products. The British still dominate in areas with which they have traditionally been linked, however.

A more serious competitive obstacle faces the United States in much of French-speaking Africa due to the long entrenchment of the French business presence. Also, most of those African countries give preferential customs treatment to the European Economic Community, with which they are associated.

The future of this association arrangement is now being considered by both Europeans and African members as they prepare to negotiate renewal of the Convention of Agreement which expires in June 1969. Continuation of discriminatory preferences by African countries will be an important topic for discussion when negotiations begin.

The final outcome of these negotiations is partly contingent upon other developments in the field of international trade. African countries are particularly concerned about the successful conclusion of multilateral commodity agreements which could assure price stability for the major exports on which their economies are heavily dependent.

Also under consideration is a scheme of generalized preferences for semi-manufactures produced by developing countries which could eventually provide the stimulus for sound industrialization policies throughout Africa. Effective implementation of such policies would lessen the need felt by some of the African countries for continuation of the special privileges they now exchange with Europe.

Trend toward regionalism

The importance of multi-country cooperation for economic development is well recognized by the new leaders of Africa. Several encouraging steps have been taken in recent months to bring about such cooperation. A strengthened East African Community has attracted the interest of neighboring countries, and talks have been held regarding the possibility of its enlargement.

Plans for creation of some kind of economic community in West Africa were realized last April when seven nations formally organized the West African Regional Group. And the Congo (Kinshasa) has formed with two of its neighbors—Chad and the Central African Republic—a Union of Central African States. Although Chad and the Central African Republic plan to give up their membership in the Central African Customs and Economic Union (UDEAC) in favor of the new organization, the UDEAC will continue to function with the three remaining members—Cameroon, Congo (Brazzaville), and Gabon.

The trend toward regionalism, coupled with an increased perception of their own development needs, has given many African countries an improved climate for new investment in agricultural, mining and industrial enterprise.

Congo

Transport, construction, food processing equipment best prospects for import

By WILLIAM J. BUSHWALLER
Africa Division, BIC

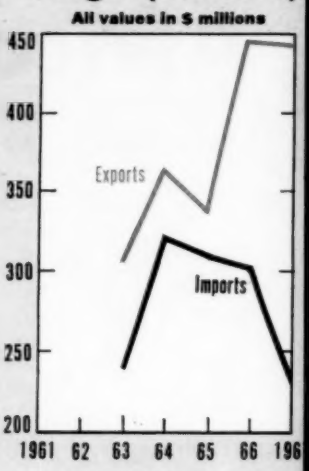
Imports 1967

Total ..... $233 million
From U.S. ..... $60 million*
U.S. share 26%*

Exports 1967

Total ..... $446 million
To U.S. ..... $36 million*
U.S. share 8%*

* Estimate



A modest gain in Congo (Kinshasa) imports is expected this year, reflecting continued expansion of the domestic economy. U.S. exports should participate fully in this gain, perhaps rising around 5% over the 1967 level.

Congolese authorities are continuing to carry out the stabilization program, which was introduced a year ago—with International Monetary Fund backing—in spite of the economic belt-tightening which the program has temporarily imposed. At the same time, efforts are being made to stimulate production, especially in the agricultural sector.

The real gross national product is continuing to increase. However, it is doubtful if the per-capita GNP at constant prices will rise in the immediate future appreciably above the 1966 level of $73, the latest year for which figures are available.

There are increasing signs of a gain in business confidence as economic stability improves and a greater flow of manufactured goods begins throughout the country, but it will take another few months to determine whether the stabilization program has actually achieved all of its objectives.

There is growing optimism that 1968 may be the best post-independence year the Congo's economy has yet experienced. In light of favorable developments and prospects in the Congo, the Export-Import Bank has announced liberalization of its short-term restrictions on the issuance of insurance and guarantees covering U.S. shipments to that country.

Since the stabilization program was effected, price levels have risen about 90%, a little less than the 100% that had been envisioned. However, the curve seems to be flattening out. Inflation has plagued the Congo since independence, but the soundly conceived stabilization program, which includes a broad mix of wage, credit, budgetary and balance-of-payments measures, should materially strengthen the country's economic underpinnings.

The Congo improved its foreign trade balance considerably during 1967. Imports declined sharply, from $302 million in 1966 to an estimated $233 million in 1967. Exports declined to $446 million, a decrease of only $2 million from the 1966 figure. Congolese statistics indicate that the Congo imported an estimated $60 million worth of goods from the U.S. in 1967, which amounted to about 26% of the country's import market, compared with 24% in 1966. These data also show that the Congo exported an estimated $36 million in primary products to the United States during the year, which was about 8% of total Congolese exports.

The Congo maintains a non-discriminatory customs tariff, under which U.S. goods receive the same treatment as products from other countries.

Import demand should continue for U.S. tractors, transport equipment; excavating, construction and mining equipment; food processing machinery; machine tools; foodstuffs; seeds; and low-cost consumer items.

Opportunities for sales under the U.S. Government's foreign aid program will continue. The current level of the program for the Congo is about $30 million, comprising mainly PL 480 and supporting assistance.

The economic situation in the Congo is improving and the Congolese are interested in diversifying their foreign trade relationships, which continue to be heavily oriented to Western Europe. However, competition is keen. American exporters interested in selling to the Congo must choose their lines carefully, use aggressive sales techniques and be prepared to service their products. If possible, they should visit the Congo to establish business connections. Business proposals addressed to Congolese foreign traders should always be in French.

CHIEF CONGO IMPORTS FROM U.S.: wheat flour and rice, transport equipment, tobacco, raw cotton, medicinal and pharmaceutical products. CHIEF CONGO EXPORTS TO U.S.: manganese ore and concentrates, copper and copper alloys, diamonds, base metals, palm kernel oil, wood veneers, coffee.

Decided improvement was seen in the Congo's balance-of-payments position last year. Following the monetary reform at the end of June 1967, the Congo's foreign exchange reserves showed steady recovery, rising to $136 million by the end of February of this year. Reflecting this favorable trend, repatriation of earnings on foreign investment is to be permitted beginning with those accrued as of July 1, 1968.

Opportunities for investment exist in many fields, including minerals, paper and wood processing, agricultural machinery, electrical appliances, transport equipment and construction equipment. The largest recent U.S. investment project would involve a $6.5 million Pan American hotel. A letter of agreement was signed in early 1968, and construction is expected to begin later this year. Another important investment agreement was signed between the Congo Government and the Continental Grain Co. to build a $3.9-million flour mill near the port of Matadi.

As the country's economy progresses, substantial investment will be required to develop its infrastructure, agriculture and consumer goods industries.

The Congo *Investment Code* enacted in 1965 to help stimulate the revitalization and development of the Congolese economy is currently being revised. Businessmen interested in obtaining information about incentives and regulations applicable to investment in the Congo may contact directly the Direction des Investissements et de l'Industrie, 50 Avenue Valcke, Kinshasa-Kalina.

East Africa

Rising investment, incomes produce good import markets in Kenya, Tanzania, Uganda

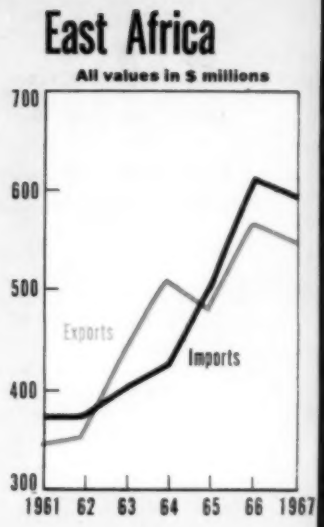
By WILLIAM J. BUSHWALLER
Africa Division, BIC

Imports 1967

Total ..... $596 million
From U.S. ..... $43 million
U.S. share 7.3%

Exports 1967

Total ..... $548 million
To U.S. ..... $60 million
U.S. share 11%



The current economic growth rates of Kenya, Tanzania and Uganda should continue during 1968, with a corresponding increase in total foreign trade. Imports are expected to rise somewhat above the 1967 level, particularly in the field of capital equipment, and exports will probably level off at about the same volume as 1967, or slightly higher.

Coffee, the major foreign exchange earner in Kenya, is being seriously affected by the coffee berry disease, and it is estimated that 35-40% of the 1968 crop may be lost. However, if the tremendous increase in the tourist industry continues, even at a less spectacular level, it should somewhat offset foreign exchange losses resulting from reduced coffee exports. Increasing demand for capital goods is expected to raise the country's import volume over the 1967 level.

The economic growth rate in Tanzania should quicken during 1968. Given reasonably favorable weather conditions, increased production of cotton, coffee and tobacco may be expected. A sharp rise in imports into Tanzania is forecast due to declining inventories of consumer goods and the need for capital equipment for projects which include a fertilizer plant, tire factory, sisal pulp plant and tourist facilities.

The U.S. Agency for International Development is considering a loan to Tanzania for the development of a portion of the Great North Road, connecting Tanzania with Zambia. This project is expected to involve procurement of U.S. goods and services, offering further sales opportunities.

Due to rising investment activity and higher incomes in Uganda, imports should continue to increase. That country's economy will continue to expand, although possibly not at as rapid a rate as during the past three years. The export volume should show about the same growth rate as the gross domestic product.

Throughout the region, business confidence is likely to remain high. In Kenya the stabilization of consumer prices and rising foreign exchange reserves should continue. An easing of credit conditions in Tanzania and the Government announcement that no further nationalization would occur, should begin to restore investor confidence. Realistic fiscal policies and a continued satisfactory growth in Uganda's economy will serve to promote business confidence in that country.

Devaluation of the pound sterling has not appreciably affected the U.S. competitive price position in the East African market. Closure of the Suez Canal, on the other hand, has lengthened European supply lines and places U.S. exports on a more equal footing from the standpoint of transportation costs and delivery time.

During 1967, according to East African statistics, total imports declined 3.01% from $614.9 million in 1966 to $596.4 million in 1967. The United Kingdom continued to be the main supplier, accounting for 31.8% of the area's imports. West Germany was second with 9.4% and the United States was third with 7.3%.

Total exports also declined, from $568.4 million in 1966 to $549 million in 1967, a decrease of about 3.6%. The decline may be attributed largely to reduced coffee exports from Kenya as a result of the coffee berry disease, and decreased agricultural export receipts in Tanzania due to poor weather conditions and low sisal prices. East Africa's best customers were the United Kingdom, $145.3 million; United States, $60.5 million; and West Germany, $31.6 million.

CHIEF EAST AFRICAN IMPORTS FROM U.S.: industrial machinery, transport equipment, manufactured goods, cereals and foodstuffs, chemical products, paper and paperboard, miscellaneous manufactured goods, fuels and lubricants. CHIEF EAST AFRICAN EXPORTS TO U.S.: coffee, pyrethrum, tea, cordage, cashew nuts.

U.S. exports to East Africa in 1967 totaled about $43.1 million, a decrease of $3.9 million from 1966. U.S. exports to Tanzania and Uganda actually increased by a total of $5.9 million. The decline was due to a $9.8 million drop in exports to Kenya which has traditionally been the strongest market of the three for U.S. products. U.S. exports to Kenya last year amounted to $21.8 million, as compared with $21.6 million to Tanzania and Uganda combined.

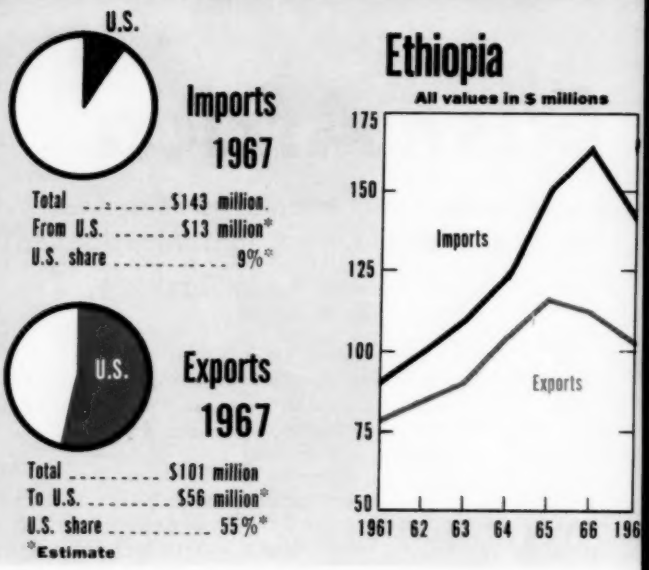
East Africa maintains a non-discriminatory import tariff schedule which permits the importation of U.S. products on an equal footing with those from Europe and other areas. However, the three countries have applied for associate status with the European Communities (EC) and, if accepted, they may be required to extend some preferences to EC products.

The Sample Display Service operated by the U.S. Commercial Attache's office in downtown Nairobi, Kenya, represents an excellent opportunity for U.S. exporters to have their products actively promoted by the commercial staff. Items suggested for display include: plastic autobody fillers, adhesive masking tapes, woven insect screening of aluminum or fiberglass, pest control products, builders hardware, aluminum ladders, casters, vacuum flasks, security padlocks, caustic soda, upholstery springs, playing cards, watch bands, fishing nets and lines, agricultural chemical, dry-mounted presses, and toys. American foreign traders interested in this unique opportunity should write to the Office of International Trade Promotion, Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C. 20230.

Ethiopia

U.S. sales to country up sharply in 1968, with vigorous pace expected to continue

By MAUREEN R. SMITH
Africa Division, BIC



Running counter to a declining trend in aggregate Ethiopian import volumes, U.S. sales to that country during the balance of the year should match the vigorous pace of the first four months of 1968. The gain for 1968 as a whole could be as much as two-thirds ($15 million) over last year's total.

Recently-imposed prior deposit requirements, ranging from 100% to 150%, will raise the cost of many imports and probably reduce foreign purchases of consumer goods and other non-essential commodities. The U.S. stake in this facet of the Ethiopian market is small, however, and third-country suppliers are likely to be most seriously affected. Foreign purchases of industrial and capital equipment, the principal category of U.S. sales to Ethiopia, are essential to the maintenance and expansion of domestic industry and probably will not be interrupted.

U.S. sales to rise

Sales in many categories are slated to rise impressively. U.S. procurement for the AID-financed $21-million Finchaa Dam project continues to gather momentum. Ethiopian Air Lines is taking delivery of two U.S. jet transports this year, whereas no such transactions were completed in 1967.

Possible drawdowns on an $8-million AID line of credit to the Ethiopian Investment Corporation would further boost U.S. sales. Finally, initiation of the Fourth Highway Program and expansion of the communications network could signal new sales of U.S. road-building and telecommunications equipment.

During 1967, Ethiopia's GNP is estimated to have risen by 7.8%, topping $1.6 billion. Leading growth areas—principally textiles, food processing, and construction industries—are expected to expand productive capacity, calling for new imports of special industry machinery and raw materials supplies in the near future.

A healthy state of business confidence, maintained by a relatively stable political environment, and conservative monetary and fiscal policies, also points toward the steady increase of industrial investment. During 1967, gross fixed investment rose to an estimated $181 million, 12% of total GNP.

During the remainder of 1968, industrial investment should continue to increase, aided by the country's Third Five-Year Plan, which is slated for initiation soon. Although details of the program are not available, it is known that the Plan will call for some $1.2 billion in domestic investment to maintain an average annual growth rate of 5.9% over the next five years.

The Plan's continuing emphasis on the development of economic infrastructure will create new opportunities for U.S. sales of construction equipment, electrical generating machinery, and harbor and airport supplies.

Land reform measures, also called for in the Plan, should foster new investment in agricultural enterprises, and new imports of U.S. agricultural machinery, fertilizers, and equipment.

U.S. moves up

During the first eight months of 1967, Ethiopian data show world imports of $94.1 million, almost 16.4% below the comparable figure for 1966. Although the absolute value of imports from all top-ranking suppliers declined, U.S. losses were considerably below the world average, enabling us to move up to fourth place behind Italy, Japan, and West Germany. The U.S. market share also rose slightly, from 8.2% to 8.4%

U.S. Bureau of the Census data show four-month U.S. sales to Ethiopia valued at $18.5 million, up sharply from $6.7 million during the comparable period of 1967. Total U.S. shipments to Ethiopia that year were valued at $22.6 million.

CHIEF ETHIOPIAN IMPORTS FROM U.S.: machinery and transport equipment, manufactured products, raw textile fibers and wastes. CHIEF ETHIOPIAN EXPORTS TO U.S.: coffee.

The January-April results should set the trend for the remainder of this year. Declines in foodstuffs and chemical sales were offset by strong early gains in raw cotton and aircraft equipment which should continue in the months ahead. Special category shipments, amounting to $7.6 million through April, should be increased by almost $2.5 million during the second half of the year.

Sales of medical and pharmaceutical products, metal, mineral, and glass working machinery, pulp and paper processing, heating and cooling, and electrical measuring and controlling equipment of U.S. origin should steadily increase the U.S. market share in the months ahead. They reflect an emerging market in Ethiopia for a wide range of American products.

Dollars in hand

Foreign exchange availabilities will be more than adequate to finance the higher level of U.S. purchases now being forecast. During 1967, the balance on mutual trade is estimated to have accrued a surplus of $42.6 million in favor of Ethiopia. Total gold and foreign exchange earnings, as of February 1968, amounted to $66 million, the equivalent of 5½ months' imports at the current rate.

To assist U.S. firms seeking qualified agents in Ethiopia, the Commercial Office of the U.S. Embassy in Addis Ababa will display American products to possible prospects in the local business community as part of its Sample Display Service. Inquiries should be addressed to the Commercial Officer, U.S. Embassy, Addis Ababa, APO New York 09319.

Ghana

U.S. exports predicted to increase 50% due to expanded U.S. aid program

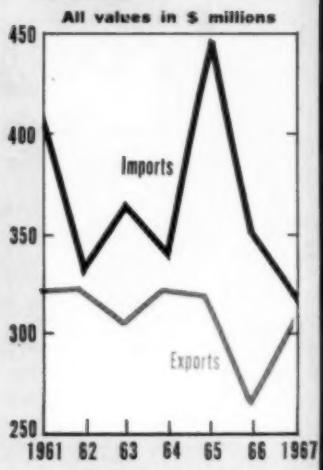
By BONNIE McGOUGH
Africa Division, BIC

Imports 1967

Total ..... $319 million
From U.S. ..... $55 million
U.S. share 17.1%

Exports 1967

Total ..... $308 million
To U.S. ..... $52 million
U.S. share 16.8%



U.S. exports to Ghana in 1968 should show an annual increase of over 50% due to expanded U.S. aid to that country. Private commercial sales, however, are expected to remain at about the 1967 level as a result of Ghanaian Government policy to keep imports at a minimum for balance-of-payments reasons.

In June 1967 the United States made a $20 million program loan to the Ghanaian Government to finance imports of essential commodities from the United States. This loan will be drawn down almost entirely in 1968. In addition, a second program loan to continue the commodity import program is under negotiation for 1968. P.L. 480 Title I agricultural commodity sales in Ghana are expected to be about $12.1 million in 1968, up from $10.3 million in 1967.

Foreign exchange and licensing controls will continue to remain highly restrictive in 1968 limiting U.S. commercial exports. Nonessential imports will be cut back sharply and capital goods imports for the public sector will drop as a result of little or no public investment in capital projects thus far this year. Ghana's minimum import requirements for 1968 are estimated at between $269-$284 million, compared with $318.6 million actually imported last year.

GNP totaled $1,773 million in 1967, exhibiting a 2.9% rate of growth in real terms over the 1966 level. With an annual population growth of 2.7%, real per-capita GNP increased for the first time in four years. The increase was due largely to superior yields in food crops and to an increase in productivity of the manufacturing sector, despite lags in imports of raw materials, construction and investment goods. The government hopes to achieve a 4% rate of growth in 1968.

The government's economic policies since 1966 are resulting in increased domestic and foreign business confidence. The country's rescheduling of its large external debt accumulated during the previous regime, the performance of the Ghanaian Central Bank in honoring its short-term commercial commitments, legislative changes in the tax structure beneficial to domestic and foreign enterprises, and the increasing emphasis being given to the role of the private sector in the development of the economy are contributing factors. Another significant element in bolstering local business confidence is the Ghanaian banking community's efforts to accelerate the rate of investment and of production by emphasizing credit for agriculture and industry.

U.S. sales to Ghana in the first four months of 1967 amounted to $17.1 million, almost a $7 million increase over sales in the comparable period in 1966. U.S. exports of ammonia, inorganic bases and hydroxides were up by nearly $5 million; other notable increases occurred in P.L. 480 shipments of rice, wheat flour, meal and groats.

Specific product categories offering the best opportunities for U.S. sales are those being financed under the USAID 1967 commodity import loan. These commodities include: motor vehicles and parts, plastic raw materials, textile products, seeds, DDT and other pesticides, iron and steel products, tires, tubes, cement, dried and condensed milk, chemical products, feeds and fodder, fertilizers and industrial and agricultural machinery and equipment. A similar list of commodities will be included under the 1968 program loan, currently being negotiated.

Because of Ghana's tight foreign exchange situation, normal commercial exports are restrained by the strict system of import licensing presently in effect. All licenses must bear the endorsement "180-day credit terms obtained." Although the importer makes full payment in local currency when the goods arrive, the Bank of Ghana is not permitted to release the payment in hard currency until 180 days later.

CHIEF GHANAIAN IMPORTS FROM U.S.: rice, wheat flour, machinery and equipment, chemicals. CHIEF GHANAIAN EXPORTS TO U.S.: cocoa, lumber, manganese.

Since early 1966, private enterprise has been encouraged as the dominant sector of the economy, with special opportunities extended to Ghanaians and foreign investors. Full state ownership and operation of manufacturing and service plants will tend to be restricted to utilities, such as electricity generation and distribution and railways, and to industries connected with national defense. Outside these two categories, proposals from private investors in any capital venture will be welcomed.

In mid-1966 the Ghanaian Government instituted a policy of divestment of some of the wide-ranging state-controlled enterprises; many industrial properties were offered for sale in whole or in part to private investors. In this regard, the Firestone Tire and Rubber Co. recently signed the final agreement with Ghana for joint operation of the State Tire Corporation at Bonsaso and the associated rubber plantations. The total cost of the new tire plant will be some $9.5 million, for which purchases of equipment from the U.S. will be $3.2 million.

The government is also setting up the Ghana Industrial Holding Corp., with help from the United Nations Development Program, to direct operations of some 20 state enterprises, in addition to 16 joint ventures in which private interests own shares or hold management-fee contracts.

A partial list of Ghana's public enterprises of possible interest to U.S. investors includes the following: Boatyards, fibre bag manufacturing, sugar and tobacco products, distilleries, three canneries, and six edible oil mills.

Ivory Coast

Continued strong economic growth should result in expanded imports

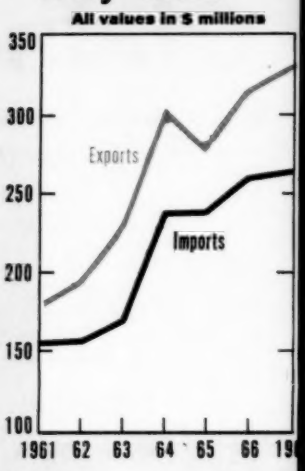
By BONNIE McGOUGH
Africa Division, BIC

Imports 1967

Total ..... $265 million
From U.S. ..... $17 million
U.S. share 6.3%

Exports 1967

Total ..... $328 million
To U.S. ..... $45 million
U.S. share 13.7%



Ivorian trade should continue to increase in 1968 in line with the economy's general economic expansion; and the United States should be able to maintain its 1967 level of trade with the Ivory Coast.

The anticipated rise in Ivorian import demand is strongly supported by a continuous growth in exports and by vigorous economic activity in agricullture, industry, and basic economic projects demanding progressively larger amounts of capital goods.

While substantial increases in U.S. exports to Ivory Coast are not anticipated this year, the next few years could witness significant percentage gains for U.S. exporters in the Ivorian market. Possible stimulants to future U.S. sales include: recent reductions in Ivory Coast import duties, the U.S. Department of Commerce Trade and Investment Mission scheduled to visit Ivory Coast during Nov. 3-16 of this year, and the $95-million dam being built on the Bandama River, which will require U.S. equipment under the provisions of the $36.5 million Export-Import Bank loan to the project.

Invitations to bid on the construction equipment and supplies including steel, switchgear and transmission facilities will probably go out in 1969.

Ivorian gross domestic product in current prices rose from $686 million in 1960 to over $1 billion in 1965, showing a 10% annual rate of increase. From 1965 to 1966, the GDP grew 8.5% from $1,012 million to $1,098 million. This high growth rate is expected to be maintained, with GDP reaching $1,470 million by 1970.

The local business mood, economic and financial indicators, and the government's policies point to a continuation of the current economic boom. Optimism of business and banking circles is based on marked upswings in consumption of electrical energy by industrial users, industrial and housing construction, and in business inventories.

The conclusion of a $10-million Eurodollar loan by the Ivory Coast Government with a group of American, French, Swiss and German banks (the first of its kind obtained by an African country on the international capital market in which U.S. banks have participated) attests to the country's sound credit position.

The Ivorian Government, as a part of its trade diversification policy, recently approved temporary tariff reductions in the minimum tariff (customs duty) on the following items: air-conditioners (5% to 3%), three- to nine-ton tractors (15% to 10%), tractors over nine tons (5% to 3%), buses (25% to 15%), passenger cars (25% to 15%), and trucks (25% to 15%) (see the July 8 issue of INTERNATIONAL COMMERCE). These reductions curtail the margin of preference enjoyed by the countries of the European Communities, which are exempt from such duties.

U.S. exporters should exercise their skill and diligence in capitalizing on Ivorian developmental projects which promise good sales prospects for specific producer goods items. Ivorian emphasis in the agricultural sector is on diversification and production increases, with the value of agricultural production expected to grow from $373 million in 1965 to $456 million in 1970. The investment required to obtain these objectives will call for agricultural machinery and equipment (including agricultural hand tools for smaller farm units), trucks, and irrigation equipment, as well as fertilizer, pesticides and herbicides.

Lumber production is expanding rapidly, averaging 20% a year. Ivorian firms have already made purchases of American equipment such as heavy log skidders, saw mill machinery, and a $180,000 Le Tourneau-Westinghouse tree puller. The Ivorian industrial fishing fleet is being rapidly enlarged and presents a growing market for refrigeration equipment and canning facilities. There is also a growing market for outboard motors used by local fishermen in small, open boats.

Ivorian industrial emphasis, centered on agro-industry, should create accelerating demands for heavy woodworking equipment, canning machinery, textile milling machinery, tinplate, sacks, cartons, and glass bottles for packaging and container use.

In addition to the Bandama Dam project, public investments in economic infrastructure totaling $335 million for the years 1967-70 are programmed in the following areas: highways and bridges, railroads, port developments, electrical services, water and sewage services, telecommunications, and airport construction.

The Ivory Coast is the target of an official U.S. Department of Commerce Trade and Investment Mission, which will appraise the opportunities there for U.S. business (INTERNATIONAL COMMERCE, Apr. 8). Combined with the Mission's activities will be a simple display showing products which the Mission will feature. Further details can be obtained by writing to the U.S. Trade and Investment Mission to Ivory Coast and Cameroon, BIC-926, Department of Commerce, Washington, D.C. 20230.

The American Business Club of Ivory Coast is organizing an "America Week" at the Hotel Ivoire from Nov. 18-24, and U.S. firms are invited to exhibit. For information, **write:** the Secretary, American Business Club of the Ivory Coast, B.P. 20740, Abidjan.

CHIEF IVORIAN IMPORTS FROM U.S.: treaded tractors (more than nine tons), kraft paper, air conditioners, row tractors (more than four tons). CHIEF IVORIAN EXPORTS TO U.S.: coffee, cocoa, cocoa butter, manganese ore, African mahogany (logs and sawn).

Liberia

Fiscal reforms limit export prospects; U.S. firms must work to keep market share

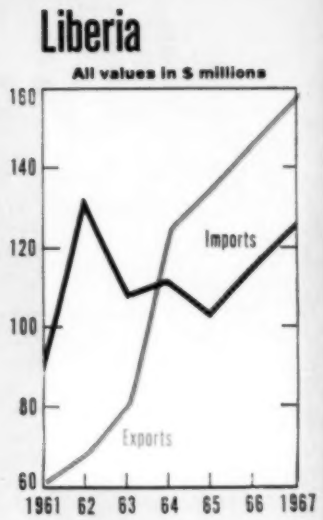
By JAMES H. ASHIDA
Africa Division, BIC

Imports 1967

Total _____ $125 million
From U.S _____ $55 million
U.S. share _____ 44%

Exports 1967

Total _____ $159 million
To U.S. _____ $48 million
U.S. share _____ 29.9%



U.S. exports to Liberia in 1968 are expected to decline to about $40 million, a drop of $8.6 million or 18% from the 1967 level. U.S. share of the Liberian market is also expected to fall from the 44% level of 1967.

Aggregate demand for imports is expected to be held in check by a further tightening of the government's austerity program, the implementation of a new law requiring foreign-owned commercial and construction firms to deposit, over a period of five years, a total of $10,000 which will be held in escrow in a bank in Liberia, and the lull in major capital construction activities following completion of the iron ore pelletizing facility and cement plant.

For the past several years the government has been implementing a program of fiscal reform in close cooperation with the International Monetary Fund. Under this program revenues have been increased by raising tax rates and tapping new sources.

Government expenditures have been rationalized by limiting certain categories of spending. The government has thereby been able to meet its commitments regularly on the rescheduled foreign debt. However, to meet a projected large increase in debt service for the next several years, the government will have to impose still more new taxes.

New law cuts imports

A new law applicable to foreign-owned commercial and construction firms mentioned above has reduced demand for imports, particularly consumer goods during the first quarter of 1968. Banks have tightened credit because of the uncertainty over the ability of many small foreign-owned firms, which comprise the bulk of the country's retail outlets, to comply with the new law and thereby remain in business. Their situation is made all the more difficult at this time because of the high level of inventories.

The lull in major construction activity, both in the private and public sectors, has reduced demand for machinery and equipment, the bulk of which U.S. exporters have usually supplied. Two large projects, the USAID-financed John F. Kennedy Memorial Hospital and Liberia's first oil refinery being built by U.S. firms, will be completed shortly. No new large projects are expected to materialize soon although discussions about another pelletizing plant, a port reconstruction project at Harper, and a forest products mill have been underway for some time.

According to U.S. Bureau of the Census statistics, U.S. exports to Liberia for the first four months of 1968 were $11.5 million, compared with $17.5 million for the same period in 1967. The largest drop took place in machinery and equipment, metal structures, and motor vehicles. The total value of these items exported to Liberia for the first four months of 1968 was less than one-third the total for these same items in the corresponding period in 1967.

On the other hand, although world market prices for Liberia's principal export commodities continue to be low, Liberia has succeeded in steadily expanding its export earnings by shipping larger quantities of rubber and iron ore. Now that the Liberian-American-Swedish Minerals Company's (LAMCO) new $51.4 million washing and pelletizing plant at the port of Buchanan is operating, Liberia has improved its competitive position by upgrading the quality of its iron ore exports.

In 1968, total exports are expected to rise to $180 million, an increase of $21 million over the 1967 total. Almost all of this export growth will be accounted for by iron ore exports, a major factor sustaining the country's annual economic growth of 4-5% over the past several years.

CHIEF LIBERIAN IMPORTS FROM U.S.: rice, construction and mining equipment, motor vehicles and parts, metal structures and parts, electric-powered machinery, switchgear and parts, heating and cooling equipment. CHIEF LIBERIAN EXPORTS TO U.S.: iron ore, rubber, diamonds, coffee.

Foreign competition keen

U.S. exporters are facing increased competition from European suppliers who are willing to supply quality goods in small quantities, especially to introduce new products to the Liberian market. U.S. exporters who are unwilling to fill such orders may miss the opportunity to develop a profitable market in Liberia.

Price is an important competitive factor. European and Japanese suppliers are providing especially sharp price competition for U.S. exporters of dairy products, beer, automobiles, tires, and textiles.

In 1968, there is a good market for a variety of U.S. products in Liberia. Those which show the most promise include canned goods; rice; liquid and powdered soap; toilet soap; disinfectant, insecticides, and fungicides; paper bags; paperboard boxes, printed cotton fabrics; cutlery and kitchen utensils; drugs and pharmaceuticals; toys; glass containers; razor blades; non-electrical stoves; plumbing fixtures; mattresses; clothing; blankets; and towels.

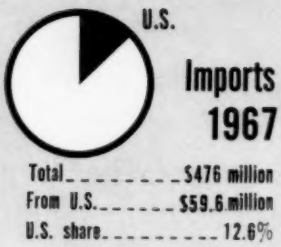
American manufacturers of timber cutting and processing equipment should be particularly alert to the opportunities provided by the expected substantial expansion of the lumber industry within the next few years.

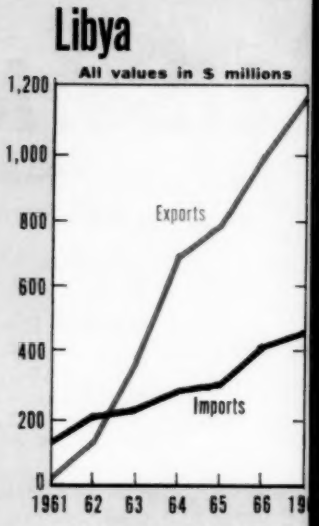
If Liberia can further develop its agriculture and industries, an expanding market for agricultural machinery, fertilizers, seeds, road building and maintenance equipment, and canning and processing equipment may be expected over the longer term.

Libya

Oil riches spur explosive growth, but U.S. suppliers are missing full potential

By ROBERT B. MILLER
Africa Division, BIC





Although the Libyan economy is continuing its break-neck expansion, U.S. exports may decline slightly during 1968 from the peak year of 1967. New exploration and field development drilling should match last year's accelerated pace, but exports from the United States to support this effort may not match last year's extraordinary level.

In addition, although development expenditures financed by the Libyan Government's share of oil profits are creating many sales opportunities in other sectors of the economy, American exporters have not been as active as their competition and may not participate in the Libyan growth to their full potential.

Demand for imported consumer goods of all kinds continues high as the country's oil wealth spreads throughout its thin population of 1.8 million. Imports of industrial goods and materials and equipment for the construction industry are also on the rise as large Government-sponsored housing and infrastructure developments are undertaken.

The growth in Libya's gross national product should maintain its upward spiral. Latest estimates for 1967 place the GNP in current prices at $1.8 billion, a 42% increase from the total in 1966 (the real increase was 19%). Per-capita GNP in 1967 was $1,108, versus $717 for 1966. Petroleum production accounted for 60% of Libya's GNP, although other areas, especially construction (20%), are beginning to generate a higher share.

Libya's imports are keeping pace with increases in the GNP. In 1967 imports topped $479 million, a 19% increase over the previous year's total. American exports to Libya during the period were $59.6 million, 17% above the figure for 1966, and the U.S. retained its second-place position behind Italy as supplier to Libya, with about 12.5% of the market for both years.

It is important to note, however, that more than two-thirds of U.S. exports were to the petroleum sector, consisting of sales by American supplier firms to American oil companies. U.S. performance in the non-oil commercial market in Libya has been unimpressive recently and in fact, during 1967, exports not related to the oil industry dropped from $26.6 million the previous year to $19.6 million. While commercial disruptions related to the Middle East crisis undoubtedly accounted for a portion of this decline more important were the energetic marketing efforts being made in Libya by both East and West European firms.

The failure of American firms to adequately respond to the burgeoning Libyan market may be only a temporary phenomenon, since in some respects the Libyan economy outside the oil sector has only recently reached a stage of development where it could use capital equipment in which the United States has a decided technological or competitive advantage. Commodities of this nature that offer good sales opportunities in the near future include construction, agricultural, and mechanical handling machinery; pumps and irrigation equipment; heavy off-the-road transport and earth-moving equipment; light industrial machinery and tools; agricultural processing, packaging, and canning equipment; and educational, medical and hospital equipment.

Petroleum output expands

Petroleum production in Libya continues to soar, and latest figures reveal that production during the month of February 1968 reached 2.2 million barrels per day. At the end of that month, shipments from the gigantic discovery fields of Occidental Petroleum began, and production of the entire industry has already materially surpassed that figure.

With Occidental's production on stream American oil firms now account for more than 90% of Libyan production, and provide a solid American presence which other U.S. firms can utilize to exploit growing opportunities in other areas of the economy.

Petroleum royalties, which account for the bulk of the Libyan Government income, last year exceeded $966 million, and will rise in proportion to crude oil exports.

Development expenditures

The Libyan Government allocates 70% of petroleum revenues to development. A one-year interim plan for fiscal 1969 calls for expenditure of $345 million, while a new Five-Year Development Plan to go into effect in April of 1969 is being finalized. In both plans, the largest expenditures will be in fields of communications, public works, education, public housing, and agriculture.

The investment climate in Libya is good. A new income tax law has clarified many inconsistencies and provides for adequate incentives for continued reinvestment of capital. A new foreign investment law is being prepared which will simplify the procedures under which investment proposals are made and granted.

Programs of infrastructure and human resources development which the Government is currently sponsoring on a massive scale are creating a fertile climate for subsequent investment by private entrepreneurs in industries manufacturing products for the local and regional export consumer markets.

CHIEF LIBYAN IMPORTS FROM U.S.: pumps, construction and oil drilling machinery, iron and steel pipe, electric power machinery, mechanical handling equipment, automobiles and heavy trucks. CHIEF LIBYAN EXPORTS TO U.S.: crude petroleum.

Morocco

Economic growth should accelerate; crops recover, development plan begins

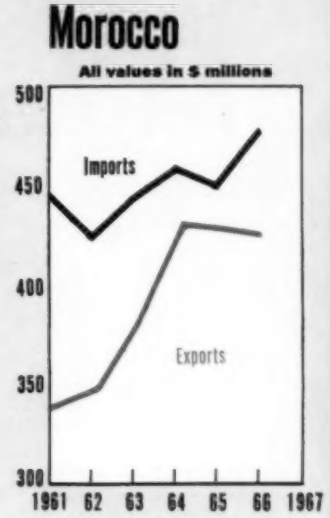
By ROBERT B. MILLER
Africa Division, BIC

Imports 1966

Total ..... $478 million
From U.S. ..... $57 million
U.S. share 11.9%

Exports 1966

Total ..... $428 million
To U.S. ..... $9 million
U.S. share 2.2%



U.S. exports to Morocco are expected to expand at a moderate rate throughout 1968, benefitting from the strong growth of the Moroccan economy, a diversification of Moroccan sourcing, and a continuing upward drift in capital goods imports.

Should disruptions in the Moroccan economy caused by worker unrest in France earlier this year prove temporary, Morocco's good economic growth rate should accelerate in the latter half of the year and continue to be strong in 1969. Principally responsible for the heightened economic activity are the investment stimulus provided by the new five-year Development Plan, an end to serious drought conditions that hampered cash crop exports and internal demand for the last two years, and an expanded level of industrial goods imports supporting expansion of mining and manufacturing industries.

General economic stability prevailed in 1967, with little change in price or wage levels. The cost-of-living index actually declined by 1.5%, as the gross national product advanced 5% from the previous year to $2.6 billion. Non-agricultural production gained moderately, but this did not offset the failure of several important crops particularly citrus and barley.

Agricultural exports should rebound significantly during 1968, however. Sales of Moroccan citrus in European markets have already topped last year's total. A bumper cereal crop is currently being harvested, and, although substantial food grain imports will still be required, the increase in domestic production will greatly boost the purchasing power of that 70% of the Moroccan populace that works in agriculture. Internal demand suffered for the last two years because widespread drought reduced rural income severely.

Mineral production for export, particularly phosphates, should improve slightly in spite of an accelerating internal demand, especially for coal, which will have an even larger impact on mineral production and disposal.

Although the number of foreign visitors to Morocco rose during 1967 from the previous year, arrivals were not up to projections, and tourism did not provide the stimulus to the economy that was expected. This year, however, Government promotional efforts and a major hotel and motel building program promise to foster a larger influx of visitors and will help greatly to alleviate frequently occurring foreign exchange shortages and to provide employment for many of Morocco's relatively unskilled urban workers.

Trade balance improving

The latest available data indicate that in the first nine months of 1967, Morocco's imports increased at a much faster rate than did exports. Led by agricultural products required to offset the poor cereals crop, imports expanded by 15% over the first nine months of 1966 and reached a total of $383 million for the period. Exports, which declined by 1.6% in the first nine months of 1967 over the comparable period of 1966, totaled $313 million.

Morocco's imports from the United States during the first nine months of 1967 totaled $44.8 million, a 31.8% increase over the same period in 1966. Most of the increase was composed of food aid and did not represent more commercial sales.

Structural changes in the Moroccan economy, prompted for the most part by the Government's concentrated funding in certain key sectors, are altering the composition of the country's imports, and the U.S., as second-ranking supplier to Morocco behind France, should be a prime beneficiary of this trend. The recently promulgated five-year (1968-72) Development Plan calls for expenditures amounting to $998 million, with about 40% coming from foreign assistance, including World Bank and bilateral aid.

Aiming toward domestic self-sufficiency and export expansion in foodstuffs, the Moroccans are concentrating almost half ($460 million) of the planned expenditures in agriculture, and plan to build enough dams and irrigation systems to double the amount of irrigated land in the country within five years.

In addition to the funds allocated to agriculture and the food processing industry, the Development Plan also concentrates on developing more fully the country's mineral resources and tourism potential, and on advancing the country's human resources through health, education and technical training programs.

Agricultural commodities form the largest portion of U.S. exports to Morocco, but shipments of industrial, construction, mining, and power generation equipment have increased steadily. This trend should continue as the recent removal of Morocco's preferential tariff system puts more U.S. goods in price ranges competitive with those of similar products from other nations.

Specific product areas that offer outstanding sales potential are cellulose derivatives, food processing and packaging machinery, measuring and controlling instruments, heating and cooling equipment for institutional or industrial applications, pumps and irrigation equipment, larger scale electrical machinery including generating equipment, construction and mining machinery, harvesting and seeding equipment, heavy off-the-road vehicles and tractors, specialty fertilizers and pesticides, and pharmaceuticals for human and livestock consumption.

CHIEF MOROCCAN IMPORTS FROM U.S.: wheat and wheat flour, fats and oils, raw cotton, cigarettes and tobacco, soybean oil, motor vehicles, construction and mining equipment. CHIEF MOROCCAN EXPORTS TO U.S.: manganese, zinc ore, canned fish, leather, pepper and pimento.

Nigeria

Continuation of civil war dampens import prospects; peace should bring recovery

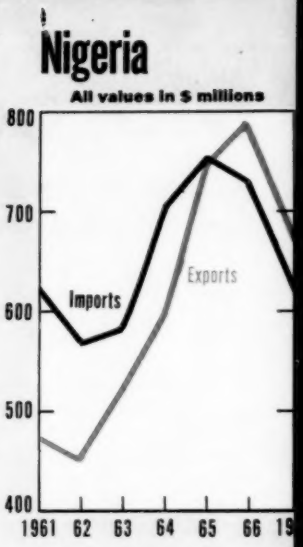
By JAMES H. ASHIDA
Africa Division, BIC

Imports 1967

Total ..... $626 million
From U.S. ..... $78 million
U.S. share 12.5%

Exports 1967

Total ..... $677 million
To U.S. ..... $52 million
U.S. share 7.8%



The uncertainties and dislocations caused by the continuing civil war and the Federal Military Government's (FMG) measures to cope with it are expected to dampen economic activity in Nigeria and hence depress demand for imports in 1968. U.S. exports to Nigeria in 1968 are expected to be considerably lower than the 1967 total, even if peace is restored.

Should a satisfactory solution to the country's political difficulties be found, however, Nigeria will offer excellent prospects for U.S. trade and investment because of its rich endowment of natural resources and a promising longer-range market potential based on its 55 million population, the largest of any African country.

Moreover, the government remains committed to a free economy and welcomes foreign investment. Nigeria's revamped twelve-state political structure should provide greater political stability and more centralized direction of the country's development.

Although the tide of battle has turned in favor of the FMG forces, there is still no definite indication when the fighting will cease. Under these circumstances the business community's attitude remains largely one of watchful waiting. The rate of foreign capital inflow has slowed down perceptably. Most foreign private businesses already established in Nigeria are postponing expansion of their investments; others which had plans for new investments are likely to hold these in abeyance until the civil war ends.

In the public sector, the government's demand for available resources has forced it progressively to broaden the scope of its austerity program to meet military requirements and to continue many capital projects like the Kainji Dam. These measures include a general surcharge on imports, a compulsory saving scheme, increase in corporation income taxes and excise levies, and new excise taxes on many additional products. The government also has had to resort to deficit financing, but it has been remarkably successful in maintaining price stability.

The government appears to be succeeding in its efforts to arrest the drain on its external assets. During 1967, pressures on the country's balance of payments caused foreign exchange holdings of the Central Bank to drop from $199.9 million to $101.1 million.

To stem further losses of its external assets, the government imposed new import restrictions. Beginning January 18, specific import licenses have been required on a large number of products considered to be semi-luxury or luxury in character. However, since announcement of the new licensing requirements, import licenses have not been issued for these products, which normally account for 15 to 20 percent of total Nigerian imports. Importation of a few other items including tires, towels, and blankets has been prohibited completely as domestic production of these products is considered adequate to meet local requirements.

Foreign exchange has been rationed according to a scale of priorities. Only as foreign exchange is earned is an equivalent amount released for payment abroad to prevent the reserves from falling below $84-92 million, a level considered an absolute minimum by the Central Bank authorities.

The cumulative effect of businessmen's decisions and the government's economic measures severely reduced in 1967 total Nigerian imports to $625.9 million from $727.5 million in 1966.

The U.S. share of the Nigerian market dropped sharply from 16.2 percent in 1966 to 12.5 percent in 1967, while the United Kingdom, the largest supplier, lost little ground and Germany and Japan, ranking third and fourth after the United States, managed to increase their penetration of the Nigerian market. The decline in the U.S. share was largely due to a significant drop in shipments of oil field equipment to Nigeria.

In 1968, the downward trend in U.S. exports to Nigeria is expected to continue. U.S. exports to Nigeria, based on U.S. Bureau of Census statistics, for the first four months of 1968 were $12.8 million, compared with $27.5 million in the same period of 1967. Again, a major part of this loss was in capital equipment for the petroleum industry, largely centered in the areas of active fighting.

U.S. imports from Nigeria also declined, almost as much as exports on a percentage basis. U.S. imports from Nigeria for the first four months of 1968 were valued at $9.1 million, compared with $18.4 million in the corresponding period of 1967.

Should the civil war end, U.S. exports to Nigeria, particularly of relief commodities and capital goods, may be expected to recover sharply but not sufficiently to surpass the 1967 total. The government will be compelled to continue import and foreign exchange controls for the near future.

Relief agencies are already making plans to step up aid to civilians in the war-torn areas with emergency medical, clothing, and food supplies. Oil companies, several of which have already begun preparations for new facilities, are expected to resume their production and exploration activities. This will require considerable oil field equipment of all kinds.

CHIEF NIGERIAN IMPORTS FROM U.S.: wheat, iron and steel pipes and tubes, construction and mining machinery, mechanical handling machinery and equipment, motor vehicles, heating and cooling equipment. CHIEF NIGERIAN EXPORTS TO U.S.: cocoa, rubber, hides and skins, crude petroleum, nonferrous metal ores and concentrates.

South Africa

U.S. exports likely to retain substantial slice of biggest African import market

By WILLIAM K. KRIST
Africa Division, BIC

South Africa's total import bill for 1968 is expected to be about the same as the $2.7 billion total of 1967. U.S. exports should account for some $420-$440 million of the total, compared with $426 million last year. The U.S. share of the South African market would thus remain essentially unchanged from last year's 17%.

The major basis for the above prediction is the continued strength of the South African economy, and the high level of consumer demand. These factors should account for a brisk rate of total imports over the next six months. U.S. exports, which consist of a high percentage of capital equipment, may face somewhat stiffer going, however, since anti-inflationary measures adopted by the government have led to relatively depressed demand for capital goods.

In spite of tight anti-inflationary measures in effect for most of 1967, South Africa's growth rate registered an unexpectedly high level of almost 7% in real terms, raising the gross national product to just over $13 billion.

To a large extent, this high rate was caused by an exceptionally good agricultural year, after many years of drought. This year's agricultural production is not expected to show additional growth, and may even decline moderately. Consequently, the rise in GNP for 1968 should be a more sustainable 5%.

Inflation again

By late 1967, South Africa's three-year battle against inflation finally appeared to be won, as such key indicators as the consumer price index actually began to register declines. Then, however, came the British devaluation, followed by a sudden inflow of foreign capital to the Republic. This produced a large rise in gold and foreign exchange holdings (a record level of $882 million at the end of February 1968), and a greatly increased money supply.

The result was a renewed outbreak of inflationary pressures which continue to the present. It is therefore unlikely that the government's anti-inflationary measures—including credit restrictions and a reduced level of government spending—will be relaxed in the near future.

Another anti-inflationary weapon used by the government was the progressive relaxation of import controls throughout 1967, to the point where these controls do not now appear to appreciably restrict the total volume of imports. They do, however, continue to affect the commodity composition of imports.

Barring unforeseen developments on South Africa's international accounts, it is doubtful if these controls will be tightened in the near future; in fact, pressures seem to be mounting within the Republic for further dismantling of these restrictions. U.S. exports, of course, would stand to benefit from any such development.

Despite the progressive relaxation of import controls, the level of imports declined during the latter part of 1967, as monetary demand diminished, with the largest decreases occuring in the "machinery and transport equipment" and "manufactured goods" sectors. Over the first quarter of 1968, the level of total imports picked up slightly, and were valued at $650 million, for an annual rate of $2.6 billion.

U.S. exports to South Africa, which totaled $426 million for the full year 1967, have basically followed South Africa's global import pattern, with sales of machinery and capital goods declining in the last half of the year. Over the first quarter of 1968 exports were running at an annual rate of roughly $405 million. In view of the South African inflationary pressures, however, this rate should pick up, at least until these pressures are brought under control.

Specific U.S. commodities that can be expected to lead the pack include accounting machinery, electrical measuring and control equipment, and synthetic fibers. In fact, all product lines in which American producers have a comparative advantage based on advanced U.S. technology have good prospects. In view of the agricultural situation, some foodstuffs may also have good prospects, while sales of agricultural equipment and machinery may suffer.

Significant developments have occurred on the price front in recent months, as the tendency for increased price competition has intensified. On May 30, the government announced that a recommendation to abolish Resale Price Maintenance (agreements between manufacturers and retailers for fixing prices and sales conditions) had been approved.

While hearings will now be held to consider specific exemptions that should be made to this policy for the public welfare, intensified price competition in a broad range of commodities can certainly be expected. Additionally, competition from third-country suppliers will also be sharper over the rest of 1968, in spite of the fact that the U.K. devaluation has not led to significantly lower prices for British products.

To meet this competition, U.S. suppliers should pay close attention to pricing their products and should step up sales promotion efforts. Participation in one or more of South Africa's trade shows (INTERNATIONAL COMMERCE, July 8) would be a useful promotional device.

CHIEF SOUTH AFRICAN IMPORTS FROM U.S.: machinery and transport equipment, chemicals, manufactured goods, cereals, petroleum and products, textiles, fertilizers, fats and oils. CHIEF SOUTH AFRICAN EXPORTS TO U.S.: unwrought copper, diamonds, metalliferous ores, uranium, fish, wool, iron and steel, asbestos, sugar.

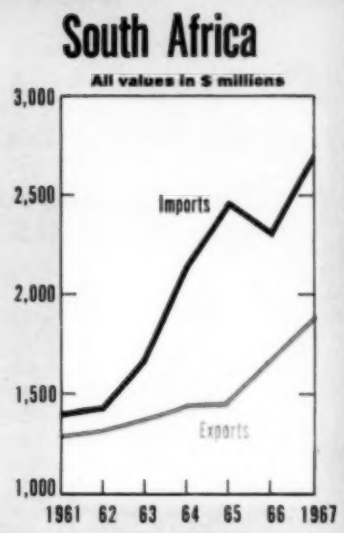
Imports 1967

Total ..... $2,685 million
From U.S. ..... $458 million
U.S. share 17.1%

Exports 1967

Total ..... $1,898 million
To U.S. ..... $146 million*
U.S. share 7.7%*

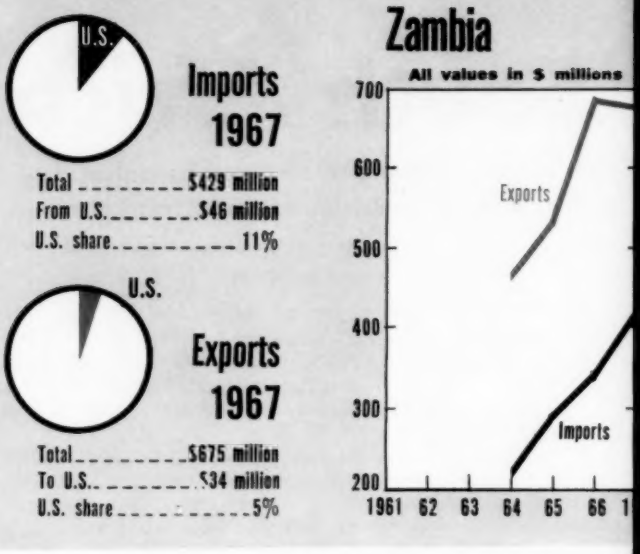
* Projected from 10 month figures.



Zambia

Special development program needs should boost U.S. sales performance

By SUSAN F. PARK
Africa Division, BIC



Prospects are good for continuing gains in U.S. exports to Zambia during the months ahead. This likelihood is bolstered by Zambia's ever-important need for specialized American construction and transportation products. Much of this machinery will be required to carry out an energetic government development program, which has a budget of $210 million for 1968 alone.

Increases in Zambia's worldwide imports have been matched in recent years by internal economic growth and establishment of a respectable financial standing. Representative of this progress is the country's gross national product, which rose from $1,012 million in 1966 to $1,064 million in 1967. Provided there is no sudden drop in the price of copper, Zambian experts feel the GNP will continue this significant growth in 1968—at least equaling the 5% growth rate achieved in 1967. In addition, per-capita GNP is among the highest in Africa, averaging $266.

Attractive market

As has been the case since late 1965, Zambia's inviting market potential has been largely a direct outgrowth of the country's trade redirection efforts—away from dependence on Southern Rhodesia for both goods and transport outlets.

Zambian opportunities have not escaped the notice of firms in other major trading nations, which, in most cases, have established local representatives. Likewise, U.S. companies should consider the advantages of having a man-on-the-scene. Direct contact with the Zambian market is essential if U.S. exporters hope to increase their share of the growing import market.

Major suppliers of Zambia's $428.8 million import bill in 1967 were South Africa, the United Kingdom, the United States and Southern Rhodesia, with the United States passing Southern Rhodesia as a supplier. However, the change resulted more from restrictions on Rhodesian imports than from increased American purchases. Rhodesia's share fell from 18.6% in 1966 to 10% in 1967 while the United States maintained an 11% share for both years.

As a result of the U.S. copper strike and subsequent large purchases of Zambian copper, U.S. imports from Zambia during the first four months of this year, valued at $26 million, far outweighed U.S. sales of only $12 million.

U.S. exports to Zambia during this period reflected the Zambian desire for quality mechanical equipment, and consisted largely of passenger cars, mechanical handling machinery, construction and mining machinery, tractors and aircraft. These commodities also represent the best prospects for increased sales to Zambia in the near future.

Continued emphasis on exports of manufactured goods could boost the year-end U.S. export total by 5% over 1967's $38 million mark.

To realize greater sales in the Zambian market, particularly when responding to government tenders, U.S. exporters should consider the advantages of presenting package proposals. Such proposals would cover servicing and financing arrangements, and possibly provisions for training local labor. A shortage of skilled manpower and the multitude of items needed, often urgently, have caused Zambian buyers to listen first to the seller with the overall deal.

Ability to pay

Although Zambia's financial reserves from copper, the country's principal revenue earner, have remained one of the major incentives for augmented trade with the country during the past several years, continuing heavy imports and payments for invisibles may cause a substantial drawdown on this seemingly inexhaustible fund by 1970.

Coupled with heavy import payments is a possible decline in the price of copper, created by resumption of U.S. production following settlement of the recent copper strike.

However, foreign exchange reserves (approximately $200 million at the end of 1967) should comfortably cover Zambian imports through 1968. Next year may see the beginning of a trade deficit, but—barring an unforeseen disaster on the world copper market—the country is not likely to experience serious balance-of-payments problems.

A new economic program for Zambia, announced by the country's president in April, provides for the nationalization of 25 selected firms and the restriction of certain commercial activities to Zambian citizens only.

Of particular significance to U.S. businessmen are limitations placed on repatriation abroad of profits—restricting remittances to 30% of equity capital invested; this measure is designed to keep more funds in Zambia for internal investment.

This program has resulted in an uncertain investment climate for foreign businessmen, although stronger foreign investment protection provisions have been promised.

Owing to these recent developments, U.S. businessmen interested in such Zambian opportunities as agricultural processing plants and meat production facilities should be alert to the advantages of participation with the Zambian Industrial Development Corporation (INDECO), the government's right arm for business activities.

CHIEF ZAMBIA IMPORTS FROM U.S.: railway locomotives; airplanes and parts; construction and mining equipment; tractors; mechanical handling machinery; engines and jet turbines. CHIEF ZAMBIA EXPORTS TO U.S.: refined copper.

U.S. SHARE OF IMPORTS INTO SELECTED COUNTRIES

Area and country	1966 Imports			1967 Imports January through latest month			
	From world (million	From U.S. dollars)	U.S. share %	Latest month	From world (million	From U.S. dollars)	U.S. share %
Latin America							
Barbados	76	14	18.4	Mar.	19	4	18.4
Bermuda	66	32	48.0	Dec.	68	34	49.1
Bolivia	138	57	41.2	June	69	27	39.7
Ecuador	172	66	38.5	Dec.	203	79	38.9
Guadeloupe	93	6	6.5	Sept.	72	5	6.6
Guyana	118	27	22.8	Aug.	87	24	28.0
Martinique	93	6	7.0	Sept.	79	5	6.6
Paraguay	59	10	17.2	Dec.	71	11	15.7
Surinam	90	37	41.4	Sept.	76	(1)	(1)
Uruguay	164	20	11.9	Dec.	171	24	13.9
Western Europe							
Iceland	159	22	13.6	Dec.	166	25	15.4
Ireland	1,043	98	9.4	Dec.	1,081	87	8.1
Malta	108	5	4.3	Sept.	84	3	3.3
Portugal	1,023	82	8.0	Dec.	1,013	71	7.0
Far East							
Cambodia	[2]104	[2]3	[2]2.6	July	56	2	4.0
New Caledonia	67	3	4.5	Dec.	79	6	7.7
Viet-Nam, Republic of	496	200	40.4	July	366	132	36.2
Near East-South Asia							
Burma	158	17	10.5	Aug.	90	16	18.0
Ceylon	426	17	3.9	Dec.	360	22	6.1
Cyprus	154	7	4.7	Dec.	163	9	5.4
Iraq	491	48	9.8	Sept.	321	32	9.9
Jordan	191	34	17.6	Dec.	153	19	12.3
Kuwait [3]	463	97	21.0	Nov.	539	121	22.4
Syria	294	23	7.8	Dec.	264	9	3.6
Southern Yemen [4]	285	5	1.8	Sept.	153	3	1.7
Africa							
Angola	209	17	8.4	Oct.	219	22	10.1
Cameroon [5]	[6]92	[6]4	[6]4.6	June	84	(1)	(1)
Congo (Brazzaville)	70	3	4.7	Sept.	59	3	4.3
Gabon	66	7	10.9	Oct.	56	5	8.6
Malagasy	142	9	6.4	Dec.	145	10	6.8
Mauritius	69	2	2.3	Sept.	58	1	2.1
Mozambique	208	15	7.5	Sept.	150	7	4.5
Reunion	105	1	0.8	Sept.	88	1	1.1
Senegal	155	7	4.7	June	88	2	1.8
Sierra Leone	100	6	6.3	Sept.	70	8	10.9
Sudan	222	17	7.6	July	110	8	7.4
Tunisia	250	41	16.4	Dec.	261	66	25.4

Note: Imports are valued c.i.f.
[1] Not available.
[2] January-November.
[3] Excludes oil company imports.
[4] Formerly Fed. of South Arabia (Aden).
[5] Data refer to East Cameroon only.
[6] January-September.

Sources: Official trade statistics of listed countries.
International Monetary Fund, *International Financial Statistics*.

New law provides wider export credit

A bill creating a new Government program to encourage exports was signed into law by President Johnson on July 8.

The law enables the Export-Import Bank to utilize up to $500 million of its lending authority to support selected export transactions that do not fully meet Eximbank's traditional test of having a reasonable assurance of repayment. The new program will facilitate, through Eximbank loans and guarantees and FCIA insurance, those export transactions which actively foster the foreign trade and long-term commercial interests of the United States.

A more complete description of the program will appear in a forthcoming issue of *International Commerce*.

World Bank loan to Mexico uses new finance method

Banks in countries winning contracts to supply projects will furnish part of loans for power expansion

A World Bank loan of $90 million, together with an estimated $22 million from major supplier countries, will help to finance Mexico's electric power expansion program.

The financing will be provided jointly by the Bank and financial institutions in the participating countries in which substantial contracts are placed. The amount of loans from supplier countries will be known precisely only after contracts have been awarded after international competitive bidding, but indications thus far are that about $22 million will come from this source.

This technique of financing was used in the Bank's last power loan in Mexico and also more recently for power and water supply projects in Colombia. It provides a mechanism through which bilateral export credits are used to finance goods procured under unrestricted international competi-

tion for projects prepared and executed under the supervision of the Bank. It also increases the flow of funds from capital-exporting to developing countries.

The program for which financing is being provided consists of the installation of new generating, transmission and distribution facilities in the major power systems, as well as a program for rural electrification, and the conversion of the system in the peripheral area of Mexico City from 50 to 60-cycle frequency, so that it will conform to the rest of the country. In the major systems alone this involves the installation of some 3,200 megawatts of generating capacity and the installation of over 1,900 miles of high-voltage transmission lines.

Total capital investment during 1968 and 1969 will be equivalent to about $472 million. The Bank loan and joint financing will be applied to the foreign exchange cost of projects which were under construction on Apr. 1 and those expected to start before Apr. 1, 1969. Mexico will provide the equivalent of $270 million from the power sector's internal cash generation and from Federal and State Government contributions; it expects to borrow the remainder from other sources.

The Bank loan will be made jointly to the Federal Electricity Commission and Nacional Financiera, S.A., an official financing institution of the Mexican Government, and will carry the guarantee of Mexico.

Conversion values of European currencies given

By PAUL A. MAYER
Office of International Trade Promotion, BIC

The accompanying table shows the value of the dollar in terms of principal European currencies, the value of these currencies in terms of dollars and the value of all currencies listed in relation to each other.

Thus, the table can be used to answer the following questions:

- How many European currency units will one dollar buy? Example (line 1, United States): $1 will buy 50 Belgian francs.
- How many dollars will buy 100 currency units of a given European country? Example (line 3, Belgium): to buy 100 Belgian francs, a businessman must spend $2.
- How many currency units of a listed country will 100 currency units of another country buy? Examples (line 3, Belgium): 100 Belgian francs will buy 10 French francs or 8 German marks or 50 Austrian schillings.
- How many currency units of a listed country will buy 100 currency units of another country? Examples: To buy 100 French francs a businessman must spend 1000 Belgian francs (see line 5, France); to buy 100 German marks, he has to spend 1250 Belgian francs (see line 6, Germany); and to buy 100 Austrian schillings he must spend 200 Belgian francs (line 2, Austria).

Suppose a U.S. businessman at the end of a visit to Belgium has a 1000-Belgian-franc bill left in his wallet. Looking at the table (line 3, Belgium), he will find that he can get $20 for that bill; if he travels from Belgium to Germany, he need not change that money first into $20 and then into German currency—he can change it directly into 80 German marks; should he travel from Belgium to France, he can change his 1000 Belgian francs directly into 100 French francs.

Some figures are rounded off. The table, current as of mid-1968, is intended to serve merely as a rough desk tool. For close financial calculation, up-to-the-minute information should be obtained from banks or other financial institutions specializing in foreign exchange.

Country	Currency units	Value in	$	£	Bfrs	Dkr	Ffrs	DM	£ sh d	Lire	Hfl	Nkr	Esc	Pts	Skr	Sfrs
United States	Dollars	$..... 1		25	50	7.50	5	4	–. 8.4	625	3.60	7	28	70	5	4.30
Austria	Schillings	$..... 100	4		200	30	20	16	1.13.–	2,500	14	28	110	275	20	17
Belgium	Belgian francs[1]	Bfrs..... 100	2	50		15	10	8	–.16.9	1,250	7	14	57.50	140	10	8.50
Denmark	Danish kroner	Dkr..... 100	13.50	330	650		65	55	5.10.–	8,500	48	93	380	930	70	58
France	French francs	Ffrs..... 100	20	515	1,000	150		80	8. 9.–	12,750	75	145	575	1,420	105	88
Germany	Deutschmark	DM..... 100	25	630	1,250	190	125		10. 8.–	15,625	90	180	710	1,750	130	108
Great Britain	Pounds[2]	£..... 1.–.–	2.40	70	120	18	12	10		1,500	8.75	17	70	170	12.50	10.50
Italy	Lire	Lire..... 1,000	1.60	40	80	12	8	6.50	–.13.–		5.75	11.50	45	110	8.25	7
Netherlands	Holl. florins	Hfl..... 100	27.70	700	1,400	210	136	110	11.11.–	17,300		200	800	2,000	143	120
Norway	Norw. kroner	Nkr..... 100	14	350	700	105	70	56	5.17.–	8,750	50.		400	980	72.50	60
Portugal	Escudos	Esc..... 100	3.50	90	175	26	17	14	1. 9.–	2,200	12.50	25		245	18	15
Spain	Pesetas	Pts..... 100	1.45	37	72.50	11	7.25	6	–.12.–	900	5.25	10.50	42		7.50	6.25
Sweden	Swedish kronor	Skr..... 100	19.50	490	967	145	95	77	8. –.–	12,000	70	140	550	1,350		85
Switzerland	Swiss francs[3]	Sfrs..... 100	23.20	585	1,160	175	114	92	9.13.–	14,500	84	165	660	1,625	120	

[1] Used also in Luxembourg. [2] Used also in Ireland. [3] Used also in Liechtenstein.

Foreign Government Actions

New Guinea communications project to be supplied through international bids

A program to expand and improve telecommunications in the Territory of Papua and New Guinea will be undertaken with the assistance of a World Bank loan of $7 million. All goods and services to be financed under the Bank loan will be procured on the basis of international competitive bidding.

The loan will be made to The Administration of the Territory of Papua and New Guinea and will carry the guarantee of the Commonwealth of Australia.

The Territory, which is administered by Australia, consists of the eastern half of the island of New Guinea and some 600 islands. Physical communication within the Territory is extremely difficult because of the rugged terrain, scattered islands and great distance between centers of economic activity.

The four-year program now being undertaken by the Posts and Telegraphs Department of the Territory includes expansion of the local telephone exchange service by 10,000 lines of automatic telephone exchange equipment at 35 locations and provides for the necessary increase in associated subscriber plant, telephones, and radio outstations.

The most important and costly part of the project is the virtual replacement of the long distance toll and telegraph network with one of several times the present capacity. This consists of establishing on the main islands a microwave backbone route with a basic capacity of 300 channels, linking the principal towns, Port Moresby, Lae, Madang, Goroka and Mt. Hagen, and appropriate spur links to other centers and off-shore islands.

Singapore gets $6 million World Bank sewerage loan

A $6 million loan by the World Bank will assist in financing expansion and improvement of Singapore's sewerage system. All imported items paid for with World Bank loan funds must be procured through international competitive bidding.

The project being assisted by the Bank loan comprises most of the expansion planned for the period 1968 through mid-1972. It consists of the construction of branch sewers and pumping stations to serve urban renewal areas, new housing developments, and the Jurong industrial estate; expansion and improvement of treatment plants and miscellaneous extensions.

The total cost is estimated at the equivalent of about $22 million. The Bank loan will cover most of the foreign exchange requirements and the remaining costs will be met by Government appropriations.

The project will be executed by the Sewerage Branch, a division of Singapore's Public Works Department.

New sheep-feeding methods from Australia may affect animal nutrition industry

New feeding techniques for sheep developed by Australian research scientists may have significant commercial impact on manufacturers of animal health products.

Scientists of the Commonwealth Scientific and Industrial Research Organization's (CSIRO) Animal Physiology Division at Prospect, New South Wales, have developed new feeding techniques for sheep which have resulted in substantial increases in wool growth. No arrangements have yet been made for the commercial exploitation of these new processes.

The CSIRO has filed a patent application with the Commonwealth Patent Office covering these new techniques, and scientists of the organization are continuing their research in this field in the hope of developing for commercial use protected-protein feed supplements for animal nutrition which will enhance rapid growth in beef cattle and will bring about greater beef and milk production.

Many of the experimental feeding techniques developed are being used to stimulate the development of newer, more practical methods of feeding.

An article entitled *Protecting Protein From Rumen Microbes*, which was published in the March 1968 edition of "Rural Research in CSIRO—No. 61," describes the research CSIRO scientists are doing in animal nutrition, and copies of it may be obtained from the Chemicals & Allied Products Division, BDSA, Department of Commerce, Washington, D.C. 20230.

Any additional information which U.S. firms may require can be obtained from the Commonwealth Scientific and Industrial Research Organization, 314 Albert St., East Melbourne, Victoria 3002.

Philippines Central Bank tightens import credit on certain goods

Faced with a worsening balance of payments position, the Philippine Central Bank has taken further measures to tighten credit on Philippine imports. In Circular No. 260, effective July 1, Bank authorities increased the special time deposit on letters of credit for all but a limited number of imports.

The new deposit rate of 50% on essential producer goods and essential consumer goods, 75% on semi-essential producer goods, 100% on non-essential producer goods and semi-essential consumer goods, and 175% on non-essential consumer goods and unclassified items must now be held by a bank for a period of 120 days before receipt of goods.

In effect this doubles the period that the banks are required to hold the deposit and raises the deposit by 25 percentage points for all goods. Since these deposits hold a reserve requirement of 100%, the new requirements will tighten domestic credit as well as slow imports.

A limited number of products classified as essential consumer goods, essential producer goods, and raw materials needed by essential producers have been exempted from the requirement.

Peru puts 15% surtax on value of most imports

Peru has placed a 15% surtax on c.i.f. value of all imports except staple foods, medicines, fuels, newsprint and books. The surcharge will be applied only to merchandise that is paid for with exchange certificates, with 50% of the tax revenue turned over to exporters as compensation to cover higher production costs.

In addition, Decree 163-68-HC of May 28 includes a surcharge of from 10% to 35% on imported or domestically-produced goods regarded as non-essential, such as electrical appliances, televisions, radios, watches, automobiles and motorcycles.

The Government's earlier import ban on luxury goods (INTERNATIONAL COMMERCE, Mar. 18) has been reduced from 320 prohibited items to 90, although the ban has been extended until Mar. 31, 1969.

Korea trade chief, Secretary Smith meet for talks

Annual meeting is part of series agreed to by President Johnson

Chung Yum Kim, Minister of Commerce and Industry of the Republic of Korea, and C. R. Smith, U.S. Secretary of Commerce, will hold the second annual meeting of United States and Korean Commerce Ministers in Washington on July 15-17.

The initiation of these annual meetings was agreed to by President Lyndon B. Johnson and Prime Minister Il Kwon Chung, during the Prime Minister's visit to Washington in March 1967, for the purpose of strengthening and expanding commercial relations between their two countries. The first meeting was held last October in Seoul.

Topics for discussion

Topics to be discussed during the sessions will include the economic situation in the United States and Korea; developments in commercial relations between the countries; expansion of Korean exports to the United States; expansion of U.S. exports to Korea; private investment in Korea; and cooperative arrangements between the U.S. National Bureau of Standards and the Korean National Industrial Research Institute.

Minister Kim will bring several officials from his own Ministry, as well as a representative from the Office of the President and the Ministry of Foreign Affairs, and officers from the Korean Embassy in Washington. Secretary Smith will be joined for the sessions by several of his top staff and one representative of the Department of State.

Nigeria drops some consumer items from prohibited list

The Nigerian Government has announced the removal of blankets, eggs, fresh and frozen fruits and meat, and towels and toweling from the list of prohibited imports and placed them on the list of items requiring a specific license for importation. This action, which took effect June 1, is expected to result in a simpler and more flexible import policy for these items.

New York forwarding firm fined $400 for violations of the Export Control Act

Civil penalties totalling $400 for violations of the Export Control Act have been imposed on Alltransport, Inc., a New York freight forwarding firm.

The U.S. Department of Commerce reported that Alltransport was charged with several types of violations. These include use of general licenses in the exportation of goods which required specific validated licenses, failure to include destination control statements on bills of lading, failure to notify exporters that destination control statements had been omitted from commercial invoices, failure to have all export documents in conformity, and making exportations prior to approval of export documents by the Customs Service.

The Department said there was no compromise of national security involved.

Alltransport did not contest the charges and consented to the fine. Officials of the firm said the activities complained of resulted from clerical errors.

The authority to impose monetary penalties was granted to the Department in 1965 to deal with minor violations not adversely affecting national security. Previously the Department was limited to denying the violator participation in export transactions, which was considered too drastic for minor violations.

Tariff Commission hearing on pig iron set for July 29

A public hearing on importation of pig iron from East Germany, Czechoslovakia, Romania, and the USSR has been set by the U.S. Tariff Commission for July 29.

The Commission—after being advised by the Treasury Department that pig iron from the four countries is being, or is likely to be, sold in the United States at less than fair value—instituted investigations under the Antidumping Act. The investigations are to determine whether an industry in the United States is being or is likely to be injured, or prevented from being established, by import of such merchandise.

The joint hearing, in connection with these investigations, is scheduled to begin at 10 a.m., E.D.T., at the Tariff Commission Building, 8th and E Sts., NW, Washington, D.C.

Interested parties wishing to appear should notify the Secretary of the Commission, in writing, at least five days before the date set for the hearing.

New French quotas are termed global, non-discriminatory

The French Government has announced that the recently-instituted import quotas (listed on p. 39 of the July 8 INTERNATIONAL COMMERCE) are global and will be allocated on a non-discriminatory basis to all countries.

This will be arranged through a simultaneous examination of all import requests received up to 11:30 a.m. Paris time July 20. At that time, the first half of the quotas will be issued at once.

Allocations will take into account the past performance of importers. For certain textile products (yarn and fabrics), import licenses could be issued prior to July 15.

The above-mentioned list of French import quotas excluded the bulk of steel-mill products, which are subject to the provisions of the European Coal and Steel Community treaty. However, import quotas for such steel-mill products were approved by the Commission of the Economic Community on July 5. The quotas provide for maximum French steel imports of 390,000 tons a month for the balance of the year. The previous INTERNATIONAL COMMERCE article showed this quota as 59,000 tons.

Other items on the import quota listing should be amended to read as follows:

EX62-02—Bed linen, table linen, bath towels, and kitchen towels, except handmade.

EX84-15—Domestic electric compression refrigerators, including separate cabinets and refrigerating units mounted on a base.

Alliance credit granted

The Export-Import Bank has authorized a $1.5 million Alliance for Progress credit in favor of Ecuatoriana de Desarrollo, S.A., Compania Financiera, a private institution established to finance economic development in Ecuador. Proceeds will be used to finance imports of U.S. machinery and equipment needed in expanding private manufacturing capacity in the Latin American country. Under the credit terms, Ecuadoran buyers of equipment and services will be able to pay cash to their U.S. suppliers.

Licenses offered U.S. firms by Swiss, German and British manufacturers

Foreign producers want production, distribution of their items which include building panels, lifebuoys, industrial hand trucks

Manufacturers in Great Britain, Switzerland and West Germany are seeking U.S. licensees to produce and distribute their products for the U.S. market.

Products offered are automatic band and wire winding reels, automatic gauging equipment and hardness testers, building panels, lifebuoys, and industrial hand trucks.

Firms interested in obtaining additional details and the name and address of the firm should write the Office of International Investment, code 874, Bureau of International Commerce, Department of Commerce, Washington, D.C. 20230, referring to the appropriate File number assigned each opportunity listed below.

• A British manufacturer of automatic gauging equipment and hardness testers is seeking a U.S. licensee to produce its products.

The multidimensional gauging equipment is similar to air gauging equipment but is a more modern version using electrical and electronic devices rather than air. The company has supplied the British automobile industry with such equipment for semi- or fully automatic inspection, in-process or final inspection.

The high precision fully automatic Rockwell and Brinell hardness testers are pneumatically operated and electronically controlled. The production rate for an average sized component is 600 per hour. The machines are currently being used by British manufacturers in the automobile and machine tool industries.

The British company is also interested in manufacturing American equipment under license in the United Kingdom. **File 1611**

• A manufacturer of gypsum plaster building partitioning panels seeks licensees in the United States. The British firm would supply the special machinery required for the development of such manufacture.

The partitions for internal use consist of two ⅝ inch thick smooth faces of neat semi-hydrate gypsum plaster reinforced with viscose fibre and a core of hexagonal cells to form panel thickness of three, four or five inches. Sound insulation is adequate for most partitioning purposes. The edges are tongued and grooved to interlock with adjacent panels. The prefinished faces eliminate site plastering and require no special erecting equipment. **File 1612**

• A British company of sailmakers, riggers and ships chandlers is interested in having a new type of lifebuoy manufactured under license in the United States.

The ring shape buoy made of PVC skin filled with polyurethane foam meets high standards of buoyancy and is virtually unaffected by prolonged and rigorous conditions at sea. Rigid nylon beckets embedded deeply into the body of the buoy at all four lug points give immense strength. **File 1613**

• A Swiss manufacturer of automatic band and wire winding reels seeks cross licensing arrangements with a U.S. manufacturer of similar equipment.

The wind-off and wind-up reels are used in connection with stamping, punching, blanking, welding machinery and similar applications of metalworking and punching machines.

The manufacturer claims that his reels, which are automatic and electronically controlled, ensure steady, traction free winding and greater productivity at a higher operation speed. The reels can be used to wind up or off any material and can be combined to perform the two operations at both ends of a metal press or puncher.

The firm will consider manufacture of U.S. winding reels under license in Switzerland and licensing its reels to a U.S. counterpart. **File 1614**

• A manufacturer of industrial hand trucks in West Germany is interested in granting a license for its line of products.

The firm makes a wide variety of special purpose trucks including trucks for hauling barrels, carboys and liquid gas cylinders as well as stacking and folding barrows of various types.

The firm also offers licenses for its patented loading ramps and platforms. **File 1615**

Scottish firm wants license for vacuum type contactor

A Scottish manufacturer of electrical motor control gears is interested in a license to produce a vacuum type contactor for the 3.3 KV induction motors which meets its own specifications. The firm wants to manufacture the complete contactor with the exception of the vacuum enclosure which it is prepared to purchase.

To obtain further details about this opportunity, **write:** M & C Switchgear Ltd., Kelvinside Works, Kirkintilloch, Glasgow, Scotland. WTD.

Ceylonese seeks venture to produce nylon yarn

A Colombo distributor of textile goods, foodstuffs and other products seeks a joint venture to manufacture nylon yarn.

Firms interested in additional information should **write:** Jafferjee Brothers, P.O. Box 1119, Colombo, Ceylon. WTD.

Investment Assistance

The licensing and joint-venture proposals listed in this section are published as an informational service for U.S. firms interested in overseas affiliations. Companies responding to these opportunities should be cognizant of the present mandatory investment regulations published in the Federal Register for Jan. 3, as amended.

To receive follow up assistance and general information about investment abroad telephone: 202-967-3786 or write: Office of International Investment, Department of Commerce (BIC-878), Washington, D.C. 20230. A (*) following the name of the foreign firm indicates that additional information is available from the above address.

WTD indicates that a World Trade Directory Report containing financial and business background information on the foreign firm is available for $2 from the Department of Commerce (BIC-924), Washington, D.C. 20230 or the nearest Department of Commerce Field Office.

French firms seek licensing agreements in related fields

Two French firms seek licenses; one for the production of electronic instruments, measuring devices, and the other to make molded products.

- A French manufacturer and distributor of sonobuoys and a variety of underwater detection equipment and simulation devices; nuclear, medical and industrial electronic instruments; and special measuring and testing apparatus seeks licenses to make related equipment in these fields.

The firm is currently producing patch-programmed silicon computing instruments under a licensing agreement with a U.S. firm and imports electronic nuclear instruments and bathythermographs from the U.S. It operates two plants, employs about 700 persons and reports annual sales of $6.8 million.

Write: L'Electronique Appliquee, 98-100 Rue Maurice-Arnoux, 92-Montrouge, Paris, France. WTD.

- A license to manufacture molded products based on sawdust and synthetic resins for use in the building industry is sought by a producer of wood flooring and paneling.

The French firm reportedly has large quantities of sawdust available that it wishes to utilize in such a project.

Write: Mr. Charles Panaget, Etablissements Panaget-Herfray, Boulevard des Rochers, 35-Vitre, France. WTD.

Three British firms want U.S. licenses

Three British firms are seeking U.S. licenses to make transportation equipment, machine tool accessories and aviation products.

- A British manufacturer of aero-engine turbine blades, steam turbine blades and replacement nozzle guide cranes seeks to diversify production through license with American firm.

The company is interested in manufacturing American aviation products, electro chemical machines, machine tools and other products that would harmonize with its present production facilities.

Write: Fraser Brothers, 24 Lea Close, Stratford-upon-Avon, Warwickshire, England. WTD.

- A well established British manufacturer and exporter of locks and doors for transportation equipment seeks licensing agreement with an American firm wishing to have its goods manufactured in the U.K.

The firm has a wide range of manufacturing capacity available so product need not be allied to passenger transport industry.

Write: Wilfred Overton Limited, Intown, Walsall, Staffordshire, England. WTD.

- A British manufacturer of jigs, fixtures, press tools and special purpose machinery is seeking licenses from American companies for the manufacture and distribution in the U.K. of machine tool accessories, gauging and inspection equipment, small and medium machine tools of a precision nature.

Write: Northfield (Oldham) Ltd., Neville Street, Oldham, Lancashire, England. WTD.

Four German firms want to produce various products

Four German manufacturers are seeking licenses to produce items for the lacquer, varnish and rubber industry; chemicals or dispersions for the paper, paper converting and other industries; rail and shipping containers; small electrical apparatus for the chemical industry.

- A German manufacturer and distributor of screw machine products and electronic components seeks licenses to produce small electrical apparatus such as temperature controls, stators and coils for engines and small transformers; components for data processing equipment; and any type of small equipment for the chemical industry.

Write: Anton Forschner, Metallwarenfabrik, 7211 Aixheim, Wuerttemberg, Germany. WTD.

- A manufacturer of dispersing agents for the paper, textile and food industries seeks licenses to produce chemicals or dispersions for the paper, paper converting and other industries. The German firm reports that it has an established sales organization operating throughout Europe.

Write: Sueddeutsches Emulsionswerk Wuest & Kost, 46 Rhenaniastrasse, 68 Mannheim-Neckarau, Germany. WTD.

- A German metal industrial products corporation seeks licenses from U.S. manufacturers for the production of intercontinental rail and shipping containers in the Federal Republic of Germany.

Established in 1962, the firm has 3,210 employees and an annual turnover of $36,250,000. Its products are presently sold in several foreign markets.

Write: Stahlwerke Brueninghaus GmbH, 4 Hagener Strasse, 5842 Westhofen/Westfalen, Germany. WTD.

- Licenses for the production of solvents, pigments, fillers and artificial resins for the lacquer and varnish industry and gas, carbon black and accelerating and reinforcing fillers for the rubber industry are sought by a German firm. The company is the sales and purchasing organization for five German producers of zinc oxide.

Write: Kinkweiss-Handelsgesellschaft GmbH, 73 Schwartzstr, 42 Oberhausen, Duesseldorf, Germany. WTD.

Brazilian manufacturer seeks technical assistance

A Brazilian refractory manufacturer is seeking technical assistance from an experienced U.S. manufacturer to expand its production of magnesite refractories.

Depending on negotiations with the U.S. firm, a joint venture might be offered or the company is prepared to work out a royalty agreement if a partnership is not available.

The company, which is located in Pócos de Caldas, Minas Gerais State, is optimistic about steady growth because of the current upswing in the Brazilian economy and the metallurgical industry in particular. Reportedly, its sales in 1967 doubled from the previous year.

Write: Mr. Anibal Togni, Ceramica Togni S.A., Rua Antonio Togni 2437, Caixa Postal 598, Pocos de Caldas, Minas Gerais, Brazil. WTD.

Dutch firm wants to make compressors under license

A major Dutch manufacturer of a wide range of industrial machinery and equipment seeks a license to produce hermetic compressor and centrifugal compressors for non-household refrigeration applications.

The Dutch company has world-wide sales outlets and manufacturing facilities.

Write: P-323, Office of International Investment, BIC-878, Department of Commerce, Washington, D.C. 20230.

World Trade Opportunities

The firms and individuals in the following lists are interested in trade relations with U.S. businessmen. The commodities in which they have expressed interest are indicated by the numbers preceding the commodity classification. These numbers refer to the Standard Industrial Classification (SIC) Manual, which is available for $4.50 a copy from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Every effort is made to include only firms or individuals with good reputations. However, the Department of Commerce cannot be responsible for any trade relations.

The listing in INTERNATIONAL COMMERCE of opportunities to trade in specific commodities and technical data does not necessarily imply approval of their export by the U.S. Department of Commerce pursuant to the U.S. Export Control Act. For applicable export licensing regulations and policies, see the Comprehensive Export Schedule or consult the Bureau of International Commerce's Office of Export Control or any Department of Commerce Field Office.

● indicates that the trade opportunity represents a request for bids by a foreign government agency. A (★) following indicates that additional information may be borrowed by firms located in the U.S. from the Business and Defense Services Administration (BDSA), U.S. Department of Commerce, Washington, D.C. 20230; telephone numbers indicated. To avoid delay, requests for loan material should specify country and commodity.

★★ indicates opportunities obtained by U.S. trade missions to other countries. A (★) following these indicates that additional information may be obtained by writing the Trade Opportunities Staff, BDSA-624, U.S. Department of Commerce, Washington, D.C. 20230. The TM (trade mission) number is requested in correspondence. Requests for loan material should specify country and TM number.

WTD indicates that a World Trade Directory report is available on the foreign firm for which the trade opportunity is listed. These reports, indicating type of organization, sales territory, size of business, sales volume, trade and financial reputation, and other factors, are available for $2 each from the Bureau of International Commerce, BIC-924, U.S. Department of Commerce, Rm. 6059. Telephone: 202-967-4203. The date following the letters WTD refers to the date of issuance of the report. If WTD is in preparation, action will be completed on a priority basis upon receipt of request specifically identifying the trade opportunity involved.

Sales Leads for Exporters

Listed below are companies interested in buying U.S. products. Direct purchases are wanted unless a desire for an agency agreement is expressed.

011 Field crop farms

KOREA—Soybeans. Direct purchase and agency. Shinchang Industries, Ltd. (sales agent), C.P.O. Box 252, Seoul. WTD in preparation.

012 Fruit, tree nut, vegetable farms

NETHERLANDS—Celery hearts, radishes, beans, corn, onions, carrots, paprika, apples, pears, grapes, pineapples, oranges, lemons, grapefruit, strawberries. Direct purchase, agency representation for all western European, Scandinavian countries. Diskofruit N.V. (importer, exporter, distributor, agent), 4 Eendrachtsplein, Rotterdam-2. Attn. Mr. N. Disselkoen, Mgr. WTD 1/68.

019 Miscellaneous agriculture

PAKISTAN—Quotations by cable followed by detailed offers by letter for winter seeds of cauliflower (22 lbs), cabbage (156 lbs.), knolkhol (90 lbs.), spinach, radish (1070 lbs.), carrot (36¼ lbs.), tomato (12 lbs.), turnip (23 lbs.), beet (21 lbs.), pea (35 lbs.), watermelon (33 lbs.), capsicum (1¼ lbs.), onion (14 lbs.), french beans (6 lbs.), brinjal (1½ lbs.), cucumber (6 lbs.), lettuce (1 lb.) and squash (5 lbs.) of highest quality and percentage of germination; cauliflower and lettuce seeds should be certified for 90% germination and 96% purity; and carrot, tomato, garden pea seeds, etc., should be certified for 89% germination and 97% purity; seeds should reach Dacca by the end of August.

Seeds should be packed in 4 oz. airtight tins, or in 4 oz. to 8 oz. polythene or polythene lined bags. Deputy Manager, Purchase Div., East Pakistan Agricultural Development Corp., 105/106 Motijheel Commercial Area (2nd Floor), Dacca-2.

203 Canning, preserving foods

GERMANY—Canned peaches, halves and slices; canned fruit cocktail. Requests price quotations c&f Hamburg, Bremen or Rotterdam or f.a.s. Houston or San Francisco. Requests replies in German. Direct purchase and agency. Geck & Rinneberg (importer, broker), 40 Koenigsallee, Postfach 3407, 4 Duesseldorf. WTD 6/68.

LIBYA—Large bulk purchases of canned peaches, pears ranging from 6000-8000 cases per year. Direct purchase and agency. Gheddah Trading Co. (importer), P.O. Box 805, Tripoli. WTD 4/68.

NETHERLANDS—Orange, grapefruit juice, canned and/or otherwise preserved. Direct purchase, agency, representation for all western European, Scandinavian countries. Diskofruit N.V. (importer, exporter, distributor, agent), 4 Eendrachtsplein, Rotterdam-2. Attn. Mr. N. Disselkoen, Mgr. WTD 1/68.

205 Bakery products

CANADA—Snack foods, biscuits, hostess bar snacks. B. L. Marks Sales Co. Ltd. (agent, wholesaler), 125 Cartwright Ave., Toronto, Ontario. WTD 6/68.

FRANCE—Typical American biscuits, crackers, cookies. Direct purchase and agency. Societe Kleber (wholesaler, manufacturer), 20 Ave. de la Paix, 67 Strasbourg. WTD 6/68.

207 Confectionery

CANADA—Confectionery lines. B. L. Marks Sales Co. Ltd. (agent, wholesaler), 125 Cartwright Ave., Toronto, Ontario. WTD 6/68.

FRANCE—Confectionery, related products. Direct purchase and agency. Societe Kleber (wholesaler, manufacturer), 20 Ave. de la Paix, 67 Strasbourg. WTD 6/68.

JAMAICA—Toffees, bubble gum (gimmicked). Direct purchase and agency. Lee's Agencies (commission agent), 5 Valentine Dr., Kingston 8. WTD 6/68.

208 Beverage industries

CANADA—Beverage products for sale to supermarkets, department stores. B. L. Marks Sales Co. Ltd. (agent, wholesaler), 125 Cartwright Ave., Toronto, Ontario. WTD 6/68.

209 Food preparations

AFGHANISTAN—Vegetable oil in 35, 10, 5-lb. cans. Agha Mohammed & Eisa Mohammed (importer, wholesaler), Serai Ata Jan, Qandahar. WTD 6/68.

CANADA—Dehydrated food specialties, hostess bar products, spices. B. L. Marks Sales Co. Ltd. (agent, wholesaler), 125 Cartwright Ave., Toronto, Ontario. WTD 6/68.

236 Girls', children's, infants' outerwear

NETHERLANDS—Baby, infants' clothing; clothing for girls up to about 12 years. Agency and direct purchase. Hygia Ter Meer & Zn. N.V., attn. Mr. J. W. Freij (manufacturer, distributor, exporter), 73 Menneweg, or P.O. Box 15, Sassenheim. WTD 4/68.

262 Paper mills, products

FRANCE—Sanitary tissue paper (cellulose type) for manufacturing items such as sheets for medical, surgical use. Direct purchase and agency. Requests replies in French. Societe J.E.M. (manufacturer, distributor), 48 Rue Barbaroux, 13-Marseille, 1er. WTD 6/68.

Electric insulating paper as used in wiring. Direct purchase and agency. Maru-Inter (wholesaler), 59 Rue des 4 Eglises, 54 Nancy. WTD 6/68.

264 Converted paper, paperboard products

AUSTRALIA—Full line vinyl wall paper; samples, prices requested. Direct purchase and exclusive agency. Max Garrett, Managing Director, Max Garrett & Co. Pty. Ltd. (sales agent, distributor, importer), 83-85 McEvoy St., Waterloo, N.S.W. 2017. WTD 6/68.

281 Industrial Chemicals

NETHERLANDS—Chemicals. Agency and direct purchase. International Equipment Co. "Intequip" (importer, exporter, agent, retailer, wholesaler), 111 Hoogstraat, or P.O. Box 68, Rotterdam. WTD 11/67.

283 Drugs

IRELAND—Veterinary pharmaceutical preparations, ethical medical preparations. Direct purchase and agency. T. P. Whelehan Son & Co. Ltd. (manufacturer), Finglas, Dublin 11. WTD 5/68.

Veterinary medicines for prevention, treatment of diseases in sheep, cattle, horses. Direct purchase and agency. Hygeia Ltd. (manufacturer), Nun's Island, Galway. WTD 5/68.

LIBYA—Pharmaceutical pills, penicillin preparations, medicines, capsuled, laxatives, insulin, intravenous solutions, antibiotics, medicinal anticeptics, cold remedies, cough medicines, effervescent salts. Direct purchase and agency. Gheddah Trading Co. (importer), P.O. Box 805, Tripoli. WTD 4/68.

284 Soap, detergents, cleaning preparations, perfumes, cosmetics

GERMANY—Pesticides, especially insecticides for indoor control, raw material and formula; equipment for their application. "808" Apparate und Praeparate Walter Frowein (manufacturer, importer, exporter, wholesaler), 747 Ebingen; Wuerttemberg, Joh.-Phil.-Palm-Strasse 3. WTD 6/68.

LIBYA—Body powder, hair bleaches, colognes, perfume concentrates, cosmetic creams, cosmetic lotions and oils, personal deodorants, cosmetic dressings, hair dyes, face creams and lotions, face powders, mouth washes, shampoos, shaving preparations, talcum powders, toilet preparations. Direct purchase and agency. Gheddah Trading Co. (importer), P.O. Box 805, Tripoli. WTD 4/68.

Face creams and lotions, face powder, hair dressings, dyes, bleaches, tonics, lipsticks, perfumes, shampoos, shaving preparations, toilet preparations. Direct purchase and agency. Caimex (importer), Sciara Sorman 5, P.O. Box 722, Tripoli. WTD in preparation.

287 Agricultural chemicals

IRELAND—Agricultural, horticultural chemicals. Direct purchase and agency. T. P. Whelehan Son & Co. Ltd. (manufacturer), Finglas, Dublin 11. WTD 5/68.

Herbicides, insecticides, fungicides, for weed control in cereals, vegetables, fruit crops. Direct purchase and agency. Hygeia Ltd. (manufacturer), Nun's Island, Galway. WTD 5/68.

289 Chemical products

NETHERLANDS—Chemicals for building industry such as curing compounds, concrete curing compounds, waterproofing materials, concrete accelerators, concrete hardeners. Exclusive sales rights. Lang & Co.'s Chemisch-Technische Bouwstoffenindustrie N.V. (importing distributor), Nieuwe Keizersgracht 41-43, Amsterdam. WTD 6/68.

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

306 Fabricated rubber products

GERMANY—All types of rubber, plastic toys. Direct purchase and agency. Wolfram Vollmer (manufacturer, exporter), 7 Stuttgart-Zuffenhausen, Porschestrasse 25. WTD 6/68.

307 Plastic products

NETHERLANDS—Plastic pants for babies, infants. Agency and direct purchase. Hygia Ter Meer & Zn. N.V., attn. Mr. J. W. Freij (manufacturer, distributor, exporter), 73 Menneweg, or P.O. Box 15, Sassenheim. WTD 4/68.

331 Steel mill products

GHANA—Hot rolled mild steel; smooth surface plates and check-plates; flat mild steel bars; plate strips; equal angle steel; steel channels; and equal tees; approximately 500 tons yearly. Trans Africa Engineering & Motor Industry (Ghana) Ltd. (metal working, vehicle assembly plant), P.O. Box 167, Accra. WTD 2/68.

● **IRAQ**—Steel rails, 120 km, complete with fishplates, bolts and nuts.

Tender for the supply of steel rails; bid deadline Sept. 2.

Specifications available for Iraq Dinar 20 from Treasury Accountant Directorate General of Railways, Baghdad.

● **LEBANON**—Rails, 800 tons; bid deadline July 25.

Office des Chemins de Fer de L'Etat Libanais et du Transport en Commun, P.O. Box 109, Beirut.

335 Rolling, drawing, extruding of nonferrous metals

● **BURMA**—Larg quantity of PVC cables, TRS cables, flexible wires and binding wires. Tender No. 49(T)/EI-ESB(HR)/67-68. Bids are to be submitted to the Office of the Controller of Stores, Electricity Supply Board, Rose Bank Road/Ahlone, Rangoon by 1600 hours on August 9, 1968. Copies of specifications can be obtained at $11.00 each (by certified check), payable to the United States Embassy, Rangoon.

● **PAKISTAN**—Supply and installation of 132 KV and 66 KV oil filled copper cables, zinc ingots for galvanizing and tin ingots for cable jointing. Interested bidders should submit their prequalification documents to Karachi Electric Supply Corp. Ltd., AIMAI House, Victoria Road, Karachi, by July 31, 1968. Firms submitting letters of intent to bid prior to deadline will be forwarded tender documents.

342 Cutlery, hand tools, general hardware

GERMANY—Hand tools, electric and non-electric. Requests price quotations c.i.f. Hamburg. Willy Koller oHG (wholesaler), 8500 Nuernberg, Roethensteig 21. WTD 6/68.

ITALY—Garden hand tools, hand saws, hand tools in general. Direct purchase and agency. Ferrari Pietro, Eredi (manufacturer, importer, exporter), Via Chiesanuova 27, Padova. WTD 4/68.

SOUTH AFRICA—Can openers, wall type non-electric. International Rubber & Plastic Co. (Pty.) Ltd. (importing distributor), 4 Sixth Ave., Elsies River, Cape Province. WTD in preparation.

343 Heating apparatus, plumbing fixtures

JAMAICA—Small domestic incinerators for use in residential homes. Direct purchase and agency. Boiler Construction & Repair Co. (maunfacturers' representative), 14 Dunrobin Ave., Kingston 10. WTD 6/68.

351 Engines, turbines

SOUTH AFRICA—Marine generating sets, other marine auxiliary equipment. Direct purchase and agency. Scott Industrial Products (Pty.) Ltd. (manufacturers' agent, importer), P.O. Box 1152, Durban. WTD 2/68.

352 Farm machinery

GREECE—Cotton pickers, olive harvesters, sugar diggers. Request information, prices. Direct purchase and agency. Billis Bros. & Son Co. (importer, commission agent), 17 Dodekanisou St., Thessaloniki. WTD 6/68.

ITALY—Agricultural dusters, sprayers. Direct purchase and agency. Ferrari Pietro, Eredi (manufacturer, importer, exporter), Via Chiesanuova 27, Padova. WTD 4/68.

353 Construction, mining, materials handling machinery, equipment

ETHIOPIA—Road rollers, stone crushing

equipment. Technical Trading Co. (importer), P.O. Box 579, Addis Ababa. WTD 6/68.

SOUTH AFRICA—Marine winches, deck machinery, other marine auxiliary equipment. Direct purchase and agency. Scott Industrial Products (Pty.) Ltd. (manufacturers' agent, importer), P.O. Box 1152, Durban. WTD 2/68.

● **SYRIA**—Supply of one electric hoist, 6 ton capacity. Bid Deadline September 4. Storer Department, Southern Zone Electricity Directorate, Damascus.

354 Metalworking machinery

PORTUGAL—Machinery for producing wheel balancing weights. Joao Araujo "Onca" & Filhos, Lda. (manufacturer), Apartado #4, Braga. WTD in preparation.

355 Special industry machinery

BRAZIL—Machines for manufacture of ball fringes. Davino Decoracoes Ltda. (manufacturer, wholesaler, retailer), Rua Augusta 1371, loja 21, Sao Paulo. WTD 4/68.

JAMAICA—New or second hand equipment to process color separation plates for offset printing. Titan Industries Ltd. (manufacturer), 585 Spanish Town Road, Kingston 11. WTD 6/68.

SWEDEN—Fingerjointing machines, other industrial woodworking machinery. Agency and direct purchase. Stiabmaskiner AB (agent, distributor), Fack, S-551 01 Jonkoping 1. WTD. 4/67.

● **URUGUAY**—One milk pasteurizing and processing plant, 15,000/40,000 liters per day capacity. Bid deadline July 31. Intendencia Municipal de Salto, Calle Juan Carlos Gomez No. 20, Salto, Depto. de Salto, Montevideo. Only firms or individuals established in Uruguay may participate.

356 General industrial machinery

BRAZIL—Machines for packaging toothpicks, cellophane wrapping machines for toothpick boxes. Requests replies in Portuguese. Theoto S.A. Industria e Comercio (manufacturer), Rua do Retiro 2020 (Caixa Postal 238), Jundiai, State of Sao Paulo. WTD 4/68.

ETHIOPIA—Portable air compressors. Technical Trading Co. (importer), P.O. Box 579, Addis Ababa. WTD 6/68.

GERMANY—Refills for panel type air filters, complete HEPA Filters (high efficiency particulate air filters) for clean room application and for removal of sub-micron contaminations. C.T. (Hamburg) GmbH (importer, wholesaler), 2000 Hamburg 1, Beim Strohhause 20. WTD 4/68.

SOUTH AFRICA—Marine pumps, other marine auxiliary equipment. Direct purchase and agency. Scott Industrial Products (Pty.) Ltd. (manufacturers' agent, importer), P.O. Box 1152, Durban. WTD 2/68.

357 Office, computing, accounting machines

GERMANY—Office machines such as data handling systems, data collecting by punched tapes or magnetic tapes and data transmission-teleprocessing with and without wire. Price quotations c.i.f. Hamburg or Rotterdam. Datic Maschinenvertriebs-GmbH & Co. KG. (distributor, importer), 463 Bochum, Kortumstr. 41. WTD. 7/67.

358 Service industry machines

GERMANY—Frozen custard vending machines; vending machines for prepared meals. Requests price quotations c.i.f. European ports. Automatengesellschaft Elevend mbH. & Co. KG. (importer, exporter, wholesaler), 4018 Langenfeld/Rhld., Winkelsweg 119-125 or Postfach 244. WTD 6/68.

Hot, cold beverage vending machines. Direct purchase and agency. Requests price quotations c.i.f. Hamburg. Tele-Miet-System GmbH (distributor, retailer), 8 Muenchen 8, Richard-Strauss-Strasse 49. WTD 6/68.

KUWAIT—Automatic hot beverage vending machines. Gulf Show Room (retailer, importer), P.O. Box 1422. WTD 3/68.

361 Electric transmission, distribution equipment

GERMANY—Electronic measuring and indicating instruments; level controls, depth indicators, similar instruments for oil heating equipment. Direct purchase and exclusive agency. Afriso Euro-Index (manufacturer, exporter), 7129 Gueglingen, Strombergstrasse 20. WTD 6/68.

363 Household appliances

GERMANY—Electric household appliances of all kinds such as de-frosting equipment for frozen foods, barbecuers, grills, deepfreezers, laundry driers, ironers, deep fat fryers, humidifiers and dehumidifiers, egg cookers, griddles and grills, hair driers, space heaters, juice extractors, knives, roasters, toasters, electric toothbrushes. Requests price quotations c.i.f. Hamburg or Rotterdam. Direct purchase and agency. Requests replies in German. Castor Gesellschaft fuer Elektrotechnik mbH (retailer, wholesaler, agent, distributor, importer, exporter), 10 Wipperfuerther Str., 507 Bergisch-Gladbach. WTD 6/68.

Electric household appliances of all types. Requests price quotations c.i.f. Hamburg. Willy Koller oHG (wholesaler), 8500 Nuernberg, Roethensteig 21. WTD 6/68.

366 Communications equipment

GERMANY—Telephone answering, recording apparatus. Direct purchase and agency. Requests price quotations c.i.f. Hamburg. Tele-Miet-System GmbH (distributor, retailer), 8 Muenchen 8, Richard-Strauss-Strasse 49. WTD. 6/68.

NETHERLANDS—Radar equipment, depth sounders (till 1,000 meters), ASDIC (underwater sound equipment), navigational equipment, small yacht radio telephone equipment, walkie-talkies (1-2 channels, 150-174 Mc/s). Direct purchase and agency. Exclusive representation for Benelux countries required. Descriptive literature, price lists requested. Telecommunicatie Industrie Radio Becker N.V. (importer, sales agent, manufacturer, exporter), 1 Dynselburgerlaan (P.O. Box 75), Zeist. WTD 4/68.

369 Electrical machinery, equipment, supplies

GERMANY—Automotive electric equipment. Requests price quotations c.i.f. Hamburg. Willy Koller oHG (wholesaler), 8500 Nuernberg, Roethensteig 21. WTD 6/68.

SOUTH AFRICA—Electromedical, electrotherapeutic apparatus, supplies. Direct purchase and agency. General Medical Agencies Co. (Pty.) Ltd. (manufacturers' representative, distributor), P.O. Box 2960, Durban. WTD 6/68.

371 Motor vehicles, motor vehicle equipment

AFGHANISTAN—Auto parts, accessories. Agha Mohammed & Eisa Mohammed (importer, wholesaler), Serai Ata Jan, Qandahar. WTD 6/68.

GERMANY—Refills for automatic air filters made by American, German manufacturers. Direct purchase and agency. C.T. (Hamburg)

U.S. DEPARTMENT OF COMMERCE—FIELD OFFICES

ALBUQUERQUE, N. MEX., 87101, U.S. Courthouse. Area Code 505 Tel. 247-0311.

ANCHORAGE, ALASKA, 99501, 306 Lousaac-Soga Bldg. Area Code 907 Tel. 272-6331.

ATLANTA, GA., 30303, 4th Floor Home Savings Bldg., 75 Forsyth St. N.W. Area Code 404 Tel. 526-6000.

BALTIMORE, MD., 21202, 305 U.S. Customhouse, Gay and Lombard Sts. Area Code 301 Tel. 962-3560.

BIRMINGHAM, ALA., 35205, Suite 200-201, 908 S. 20th St. Area Code 205 Tel. 325-3327.

BOSTON, MASS., 02203, Room 510, John Fitzgerald Kennedy Federal Bldg. Area Code 617 Tel. 223-2312.

BUFFALO, N.Y., 14203, 504 Federal Bldg., 117 Ellicott St. Area Code 716 Tel. 842-3208.

CHARLESTON, S.C., 29403, Federal Bldg., Suite 631, 334 Meeting St. Area Code 803 Tel. 577-4171.

CHARLESTON, W. VA., 25301, 3002 New Federal Office Bldg., 500 Quarrier St. Area Code 304 Tel. 343-6196.

CHEYENNE, WYO., 82001, 6022 Federal Bldg., 2120 Capitol Ave. Code 307 Tel. 634-5920.

CHICAGO, ILL., 60604, 1486 New Federal Bldg., 219 South Dearborn St. Area Code 312 Tel. 353-4400.

CINCINNATI, OHIO, 45202, 8028 Federal Office Bldg., 550 Main St. Area Code 513 Tel. 684-3944.

CLEVELAND, OHIO, 44114, Room 600, 666 Euclid Ave. Area Code 216 Tel. 522-4750.

DALLAS, TEX., 75202, Room 1200, 1114 Commerce St. Area Code 214 Tel. 749-3287.

DENVER, COLO., 80202, 16419 Federal Bldg., 20th and Stout Sts. Area Code 303 Tel. 297-3246.

DES MOINES, IOWA, 50309, 609 Federal Bldg., 210 Walnut St. Area Code 515 Tel. 284-4222.

DETROIT, MICH., 48226, 445 Federal Bldg. Area Code 313 Tel. 226-6088.

GREENSBORO, N.C., 27402, 258 Federal Bldg., W. Market St. P.O. Box 1950. Area Code 919 Tel. 275-9111.

HARTFORD, CONN., 06103, 18 Asylum St. Area Code 203 Tel. 244-3530.

HONOLULU, HAWAII, 96813, 286 Alexander Young Bldg., 1015 Bishop St. Tel. 588-977.

HOUSTON, TEX., 77002, 5102 Federal Bldg., 515 Rusk Ave. Area Code 713 Tel. 228-0611.

JACKSONVILLE, FLA., 32202, P.O. Box 35087, 400 W. Bay St. Area Code 904 Tel. 791-2796.

KANSAS CITY, MO., 64106, Room 2011, 911 Walnut St. Area Code 816 Tel. 374-3141.

LOS ANGELES, CALIF., 90015, Room 450, Western Pacific Bldg., 1031 S. Broadway. Area Code 213 Tel. 688-2835.

MEMPHIS, TENN., 38103, 710 Home Federal Bldg., 147 Jefferson Ave. Area Code 901 Tel. 534-3214.

MIAMI, FLA., 33130, Rm. 821, City National Bank Bldg., 25 W. Flagler St. Area Code 305 Tel. 350-5267.

MILWAUKEE, WIS., 53203, Straus Bldg., 238 W. Wisconsin Ave. Area Code 414 Tel. 272-8600.

MINNEAPOLIS, MINN., 55401, 306 Federal Bldg., 110 S. Fourth St. Area Code 612 Tel. 334-2131.

NEW ORLEANS, LA., 70130, 909 Federal Office Bldg., U.S. 610 South St. Area Code 504 Tel. 527-6546.

NEW YORK, N.Y., 10001, 61st Floor, Empire State Bldg., 350 Fifth Ave. Area Code 212 Tel. 563-3377.

PHILADELPHIA, PA., 19107, Jefferson Bldg., 1015 Chestnut St. Area Code 215 Tel. 597-2850.

PHOENIX, ARIZ., 85025, 5413 New Federal Bldg., 230 N. First Ave. Area Code 602 Tel. 261-3285.

PITTSBURGH, PA., 15222, 2201 Federal Bldg., 1000 Liberty Ave. Area Code 412 Tel. 644-2850.

PORTLAND, OREG., 97204, 217 Old U.S. Courthouse, 520 S.W. Morrison St. Area Code 503 Tel. 226-3361.

RENO, NEV., 89502, 3029 Federal Bldg., 300 Booth St. Area Code 702 Tel. 784-5203.

RICHMOND, VA., 23240, 2105 Federal Bldg., 400 N. 8th St. Area Code 703 Tel. 649-3611.

ST. LOUIS, MO., 63103, 2511 Federal Bldg., 1520 Market St. Area Code 314 Tel. 622-4243.

SALT LAKE CITY, UTAH, 84111, 3233 Federal Bldg., 125 S. State St. Area Code 801 Tel. 524-5116.

SAN FRANCISCO, CALIF., 94102, Federal Bldg., Box 36013, 450 Golden Gate Ave. Area Code 415 Tel. 556-5864.

SAN JUAN, P.R., 00902, Room 190, Post Office Bldg. Phone 723-4640.

SAVANNAH, GA., 31402, 235 U.S. Courthouse and Post Office Bldg., 125-29 Bull St. Area Code 912 Tel. 232-4321.

SEATTLE, WASH., 98104, 809 Federal Office Bldg., 909 First Ave. Area Code 206 Tel. 583-5615.

GmbH. (importer, wholesaler), Hamburg 1, Beim Strohhause 20. WTD 4/68.

372 Aircraft

● **LEBANON**—Security Center of Civil Aviation, International Airport, Beirut desires a Boeing 707 Series 320 C flight simulator. Bid deadline Aug. 3.

Bidding documents can be obtained from above agency for LL 100 (about U.S. $32).

381 Engineering, laboratory scientific, research instruments

NETHERLANDS—Electronic, general laboratory instruments. Agency and direct purchase. International Equipment Co. "Intequip" (importer, exporter, agent, retailer, wholesaler), 111 Hoogstraat, or P.O. Box 68, Rotterdam.

● **THAILAND**—Supply of 149 various items of laboratory equipment. Tender No. NR-1-11, bid deadline August 1. Royal Irrigation Department, Samsen Road, Bangkok. File copy of specifications available only for inspection in Scientific and Business Equipment Division, Room 4118, BDSA, Department of Commerce, Washington, D.C. This copy cannot be sent out on loan.

382 Instruments for measuring, controlling, indicating physical characteristics

FRANCE—Gauges, controls and accessories for oil, gas operated heating installations. Direct purchase and agency. Eurojauge (wholesaler, manufacturer), 12 Rue du General Leclerc, 67 Ostwald. WTD 6/68.

GERMANY—Manometers for indication of fluid levels for oil tanks; other instruments applicable to oil, gas heating field. Direct purchase and exclusive agency. Afriso Euro-Index (manufacturer, exporter), 7129 Gueglingen, Strombergstrasse 20. WTD 6/68.

NETHERLANDS—Nuclear instruments, accessories. Agency and direct purchase. International Equipment Co. "Intequip" (importer, exporter, agent, retailer, wholesaler), 111 Hoogstraat, or P.O. Box 68, Rotterdam. WTD. 11/67.

● **TANZANIA**—Supply of 17 instruments for geophysical resistivity measurements for detecting water-bearing strata; 22 light weight handmagnetometer to determine contact with prekambrian rocks; 17 water analysis kit, portable, for field investigation of domestic water sources. Bid deadline July 30. Secretary, Central Tender Board, P.O. Box 49, Dar es Salaam.* (Telephone: 202-967-2939).

384 Surgical, medical, dental instruments

NETHERLANDS—Medical nuclear equipment. Agency and direct purchase. International Equipment Co. "Intequip" (importer, exporter, agent, retailer, wholesaler), 111 Hoogstraat, or P.O. Box 68, Rotterdam. WTD 11/67.

SOUTH AFRICA—Surgical, medical instruments; operating theater equipment. Direct purchase and agency. General Medical Agencies Co. (Pty.) Ltd. (manufacturers' representative, distributor), P.O. Box 2960. Durban. WTD 6/68.

● **THAILAND**—Supply of micro hematrocit centrifuge, respirometer, respirators, resuscitator, electrocardiographs and refrigerator. Tender No. NR-1-12, bid deadline August 1. Royal Irrigation Department, Bangkok, Thailand.

394 Toys, amusements, sporting goods

GERMANY—Toys for summer outdoor play. Direct purchase and agency. Wolfram Vollmer (manufacturer, exporter), 7 Stuttgart-Zuffenhausen, Porschestrasse 25. WTD 6/68.

JAMAICA—Novelty toys, all types of games for children, adults. Direct purchase and agency. Lee's Agencies (commission agent), 5 Valentine Dr., Kingston 8. WTD 6/68.

503 Piece goods, notions, apparel

LIBYA—Clothing: women's, children's, infants'; clothing accessories: women's, children's, infants'; dresses. Direct purchase and agency. Caimex (importer), 5 Sciara Sorman, P.O. Box 722, Tripoli. WTD in preparation.

509 Wholesalers

KOREA—Copper scrap. Direct purchase and agency. Shinchang Industries, Ltd. (sales agent), C.P.O. Box 252, Seoul. WTD in preparation.

LIBYA—Photographic cameras, equipment, supplies; printing apparatus, photographic projections apparatus. Direct purchase and agency. Caimex (importer), 5 Sciara Sorman, P.O. Box 722, Tripoli. WTD in preparation.

571 Furniture, home furnishings, equipment stores

LIBYA—Radios, television sets, record players, Direct purchase and agency. Fathi I. Ghoneim (importer), P.O. Box 1508, Benghazi. WTD in preparation.

593 Second hand stores

AFGHANISTAN—Used clothing. Agha Mohammed & Eisa Mohammed (importer, wholesaler), Serai Ata Jan, Qandahar. WTD 6/68.

Sales Representation

The firms listed below are interested in representing U.S. firms in the areas indicated. Exclusive distributorship for these commodities is wanted only if specified.

011 Field crop farms

NETHERLANDS—Grains, rice, soybeans, pulses, bird seeds, oil seeds. Agencies for European continent. Chr. de Vries N.V. (importer, agent, broker, exporter, distributor), 23 Posthoornstraat, Rotterdam-1. WTD 6/68.

204 Grain mill products

FRANCE—Prepared feeds, feeding materials, concentrates including soybean cakes, for livestock, poultry. Georget & Commenges (brokers, sales agents), 12 bis Rue Ferrere; 33-Bordeaux, Gironde. WTD 6/68.

NETHERLANDS—Alfalfa pellets, corngluten feed pellets, rice bran, other feeds, ingredients. Agencies for European continent. Chr. de Vries N.V. (importer, agent, broker, exporter, distributor), 23 Posthoornstraat, Rotterdam-1. WTD 6/68.

209 Food preparations

NETHERLANDS—Soybean meal, oil cakes, similar products. Agencies for European continent. Chr. de Vries N.V. (importer, agent, broker, exporter, distributor), 23 Posthoornstraat, Rotterdam-1. WTD 6/68.

220 Textile mill products

GERMANY—Upholstery fabrics of all kinds. Requests price quotations c.i.f. Hamburg or Bremen. Requests replies in German. Hermann Schomburg (sales agent), 492 Lemgo/Lippe, Postfach 706. WTD 6/68.

SOUTH AFRICA—Textiles suitable for manufacture of men's, women's, children's clothing; both outerwear, underwear. Simpson Agencies (manufacturers' representative), P.O. Box 742, Durban. WTD 6/68.

221 Broad woven fabric mills, cotton

GERMANY—Piece goods, polyester-cotton blended fabrics. Exclusive agency. Requests c.i.f. prices, literature. G. Koppermann & Co. (importer, wholesaler), Charlottenweg 2, 8023 Pullach b. Muenchen. WTD 6/68.

NETHERLANDS—All types of textiles for wearing apparel industry. Verdonk's Trading Co. C.V. (sales agent), 71 Lomanstraat, Amsterdam. WTD 6/68.

227 Floor covering mills, products

AUSTRALIA—Polypropylene woven, nonwoven carpet backing cloths. Brown & Dureau Limited, Crn. Kavenagh and Ireland St., South Melbourne, Victoria 3205. WTD in preparation.

GERMANY—Woven and tufted wall-to-wall carpets. Sales agency for Southern Germany, possibly Switzerland, Austria. Requests c.i.f. prices, literature. Requests replies in German. Herbert Frank (sales agent), Gruenwalderstrasse 248A, 8 Muenchen 90. WTD 6/68.

228 Yarn, thread mill products

NETHERLANDS—Synthetic yarns for weaving, knitting mills. Verdonk's Trading Co. C.V. (sales agent), 71 Lomanstraat, Amsterdam. WTD 6/68.

229 Textile goods

NETHERLANDS—Trimmings for infants' wear, draperies, furniture, footwear, drapery industry. Sales agency for Netherlands, Belgium. W. A. Floris (commission merchant), 7 Albert Verweylaan, Haarlem. WTD 6/68.

Imitation furs on tricot base. Verdonk's Trading Co., C.V. (sales agent), 71 Lomanstraat, Amsterdam. WTD 6/68.

232 Men's, youths', boys' furnishings, work clothing

GERMANY—Basketball uniforms. Exclusive representation. Requests c.i.f. prices. Montana-

Sport GmbH (importer, distributor, sales agent), Mondstrasse 2-4. WTD 6/68.

239 Fabricated textile products

NETHERLANDS—Lace, tulle for garment industry. Sales agency for Netherlands, Belgium. W. A. Floris (commission merchant), 7 Albert Verweylaan, Haarlem. WTD 6/68.

SOUTH AFRICA—Findings and trimmings for clothing industry, including laces, interlinings. Simpson Agencies (manufacturers' representative), P.O. Box 742, Durban. WTD 6/68.

Trimmings for clothing industry, especially Raschel, other laces. W. Wedel & Co. (manufacturers' agent), P.O. Box 2531, Durban. WTD 6/68.

266 Building paper, building board mills

PAKISTAN—Press suction felts, plain felts, endless dryer and predryer felts for paper, paperboard industries. Detailed specification may be obtained from Trade Opportunities Staff, BDSA-618, Rm. 4059, U.S. Dept. of Commerce, Washington, D.C. 20230. Firm requests quotations C&F Karachi. Mr. Z. A. Mansuri, Mgr., H. B. Sayeed Ltd. (importer, indent agent), 23 Elphinstone St., Karachi 3. WTD 4/67.

281 Industrial chemicals

PAKISTAN—Reactive dyes, vat dyes, soluble vat dyes. Requests catalogs, quotations, C&F, Karachi. Mr. K. U. Butt, Mgr., Khadim Ali Shah Bukhari (importer, agent). Gulzar Chamber, 21 West Wharf, Karachi 2. WTD 7/67.

282 Synthetic materials

ITALY—Acrylic raw material; synthetic fiber wastes of nylon, polyester, acrylic fibers. Angelo Acquadro (agency), Via Asmara 9. 13051 Biella (Vercelli). WTD 6/68.

SOUTH AFRICA—P.V.C. materials, weldable and otherwise for manufacture of women's shoes, handbags. W. Bankey (manufacturers' agent), 807 Electrical House, 30 Waterkant St., Cape Town. WTD 6/68.

283 Drugs

PANAMA—Pharmaceutical preparations for veterinary use. Exclusive agency. Agla, S. A. (importer, agent, wholesaler), P.O. Box 4215, Panama 5, R. P. WTD 8/67.

289 Chemical products

GERMANY—Automotive chemicals. Deutsche Derustit GmbH (manufacturer, wholesaler), 6050 Offenbach, Bettinastr. 69. WTD 6/68.

301 Tires, tubes

HONDURAS—Tires, inner tubes of all sizes. Inversiones y Financiomientos, S. de R. L. de C. V. (manufacturers' representative). 1a. Calle y 4a. Avenida, Comayaguela, D. C. WTD 6/68.

307 Plastic products

NETHERLANDS—Plastic machinery for industrial use. Agency and representation for western Europe. Van Gelder Compagnie N.V., 60 Schuttevaerweg, or P.O. Box 660, Rotterdam. Attn. Mr. J. A. van Gelder, Gen. Mgr.

SOUTH AFRICA—Clothing presentation accessories, such as plastic cuff links, collar bones, collar fronts, shirt clips. Simpson Agencies (manufacturers' representative), P.O. Box 742, Durban. WTD 6/68.

311 Leather tanning, finishing

SOUTH AFRICA—Garment leather for manufacture of high-class fashionware, lower priced lumberjackets; shoe leather for manufacture of women's, men's high-class fashion shoes; leather for handbag, other leather goods industries. W. Bankey (manufacturers' agent), 807 Electrical House, 30 Waterkant St., Cape Town. WTD 6/68.

313 Boot, shoe cut stock, finding

SOUTH AFRICA—General accessories used in footwear industry such as ornaments, buckles. W. Bankey (manufacturers' agent), 807 Electrical House, 30 Waterkant St., Cape Town. WTD 6/68.

314 Footwear, except rubber

HONDURAS—Basketball, tennis shoes. Rafael Kafie S. (manufacturers' representative), 7a. Calle 411, Tegucigalpa, D. C. WTD 4/68.

322 Glass, glassware

NETHERLANDS—Heat resistant glassware for household use; technical glass products for chemical, petrochemical industries, laboratories. Exclusive sales agency. Technische Handelmaatschappij "Tegla" N.V. (sales agent), 75 Brouwersgracht, Amsterdam. WTD 6/68.

326 Pottery, related products

HONDURAS—Water closet bowls, urinals, flush tanks. Comisiones Tropicales, S. de R. L. (Coditro) (manufacturers' representative), Apartado Postal 314, Tegucigalpa, D. C. WTD 10/67.

335 Rolling, drawing, extruding of nonferrous metals

HONDURAS—Electrical cables and wires, especially high voltage. Comisiones Tropicales, S. de R. L. (Coditro) (manufacturers' representative), Apartado Postal 314, Tegucigalpa, D. C. WTD 10/67.

336 Nonferrous foundries

HONDURAS—Aluminum kitchenware (complete line), including pressure cookers, other cooking utensils. Compania Importadora Comercial, S. A. (manufacturers' representative), Apartado Postal 124, Tegucigalpa, D. C. WTD 6/68.

342 Cutlery, hand tools, general hardware

NETHERLANDS—Hand tools, all kinds. Agency and representation for western Europe. Van Gelder Compagnie N.V. (importer, distributor, exporter, representative, agent, manufacturer), 60 Schuttevaerweg, or P.O. Box 660, Rotterdam. Attn. Mr. J. A. van Gelder, Gen. Mgr. WTD 4/68.

SPAIN—Cutlery, hand tools, general hardware. Exclusive agency for Canary Islands. Comercial Ayala (agent), Americo Vespucio 37 (bis), Las Palmas de Gran Canaria. WTD 5/68.

348 Fabricated wire products

PAKISTAN—Fourdrinier phosphorbronze machine wires for use in paper, paperboard industries. Detailed specifications of mesh and sizes required may be obtained from Trade Opportunities Staff, BDSA-618, Rm. 4059, U. S. Dept. of Commerce, Washington, D.C. 20230. Firm requests quotations C&F Karachi. Mr. Z. A. Mansuri, Mgr., H. B. Sayeed Ltd. (importer, indent agent), 23 Elphinstone St., Karachi 3. WTD 4/67.

353 Construction, mining, materials handling machinery, equipment

HONDURAS—Heavy highway construction machinery, equipment; elevators, moving stairs, industrial cranes (especially for port installations), loading equipment specially designed for ports, airports. Comisiones Tropicales, S. de R. L. (Coditro) (manufacturers' representative), 6a. Calle 627—Apartado Postal 314, Tegucigalpa, D. C. WTD 10/67.

354 Metalworking machinery

GERMANY—Machine tools, accessories, metal cutting; machine tools, accessories, metal forming. Requests price quotations c.i.f. European ports or f.o.b. American ports. Industrieberdarf Buehling & Co (importer, sales agent), 5 Koeln 10, Postfach 66. WTD 6/68.

355 Special industry machinery

GERMANY—Food products packaging machinery; plastics working machinery, e.g., injection molding machinery. Requests price quotations c.i.f. European ports or f.o.b. American ports. Industriebedarf Buehling & Co. (importer, sales agent), 5 Koeln 10, Postfach 66. WTD 6/68.

NETHERLANDS—Paper industries, printing-trades machinery, equipment, especially new

Demanding markets

As a U.S. producer selling in our domestic economy, you already are a supplier to the most demanding market in the world. Moving into the foreign market, you will benefit from the know-how you have acquired from previous experience, just as you will benefit from the assets of good judgment, tact, aggressiveness, and business acumen.

In this sense, it is neither more difficult nor easier to achieve success in selling overseas than it is to succeed in selling in this country. Success in export requires careful evaluation of potential markets for your product; willingness to make a long-term commitment, if necessary; and some adaptability to foreign techniques in marketing and servicing.

LAWRENCE C. McQUADE,
Assistant Secretary for
Domestic and International
Business, in "Introductory Guide
to Exporting," published
April 1968 by U.S.
Department of Commerce

developments. Agencies for Benelux countries. P. van Dijk N.V. (manufacturer, importing distributor, exporter), 73 Hogeweyselaan, Weesp. WTD 6/68.

Household type knitting machines. Exclusive agencies for Benelux countries. Maschmeyer & Co. N.V. (importing agent, distributor), 770-772 Prinsengracht, P.O. Box 616, Amsterdam. WTD 6/68.

PAKISTAN—Food products machinery. Abdul Rahman & Co. (importer, wholesaler, agent), 85 Motijheel Commercial Area, Dacca-2. WTD 11/67.

356 General industrial machinery

GERMANY—Packaging machinery (mass products) for general industrial use, except food. Requests price quotations c.i.f. European ports or f.o.b. American ports. Industriebedarf Buehling & Co. (importer, sales agent), 5 Koeln 10, Postfach 66. WTD 6/68.

HONG KONG—Curing ovens for permanent presses. Exclusive agency. Swedish Trading Co., Ltd., (importer, wholesaler, retailer, agent, exporter), P.O. Box 108. Cable Swedetrade. WTD in preparation.

NETHERLANDS—Compressor and vacuum pumps, reciprocating and rotary, air compressor and vacuum units, filters, reducing valves, lubricators, water cooled air dryers. Representations for Benelux countries. Technische en Industriele Handelsonderneming Amero Spray (importing distributor), 74 Jan van Gentstraat, Badhoevedorp. WTD. 6/68.

358 Service industry machines

HONDURAS—Household, office air conditioners. Compania Importadora Comercial, S.A. (manufacturers' representative), Apartado Postal 124, Tegucigalpa, D. C. WTD 6/68.

HONG KONG—Permanent presses for shirts. Exclusive agency. Swedish Trading Co., Ltd. (importer, wholesaler, retailer, agent, exporter), P.O. Box 108. Cable: Swedetrade. WTD in preparation.

361 Electric transmission, distribution equipment

NETHERLANDS—Electronic measuring gear. Agency or commission/representation. Mikronix Engineering (consulting engineering bureau, agent, commission merchant), 117 Tobias Asserlaan, Tilburg. WTD 2/68.

363 Household appliances

NETHERLANDS—Industrial and household type sewing machines. Exclusive agencies for Benelux countries. Maschmeyer & Co. N.V. (importing agent, distributor), 770-772 Prinsengracht, P.O. Box 616, Amsterdam. WTD. 6/68.

366 Communication equipment

NETHERLANDS—Telecommunication equipment especially cables, radios. Agency or commission/representation. Mikronix Engineering (consulting engineering bureau, agent, commission merchant), 177 Tobias Asserlaan, Tilburg. WTD 2/68.

371 Motor vehicles, motor vehicle equipment

GERMANY—Air conditioning units for buses, cooling units for trucks, air conditioning systems for camping trailers. Deutsche Derustit GmbH (wholesaler), 6050 Offenbach/Main, Bettinastr. 69. WTD 6/68.

372 Aircraft parts

GERMANY—Turbine blades for aircraft jet engines, precision hot-forged steel parts for aircraft engines. Requests price quotations c.i.f. Hamburg. Hans H. Klumpp (agent), 63 Tersteegenstrasse, 4 Duesseldorf. WTD 6/68.

381 Engineering, laboratory, scientific, research instruments

GERMANY—Flight data recorders, voice and sign. Requests price quotations c.i.f. Hamburg. Hans H. Klumpp (agent), 63 Tersteegenstrasse, 4 Duesseldorf. WTD 6/68.

382 Instruments for measuring, controlling, indicating physical charcteristics

PAKISTAN—Meter for natural gas; domestic, industrial. Abdul Rahman & Co. (importer, wholesaler, agent), 85 Motijheel Commercial Area, Dacca-2. WTD 11/67.

383 Optical instruments, lenses

YUGOSLAVIA—Microfilm projectors; Optical glass for microscopes, telescopes, laboratory, signal equipment; blown glassware for scientific, medical laboratories. Franc Lamut, General Director VEGA (manufacturer), Kotnikova 18, Ljubljana. WTD 6/68.

384 Surgical, medical, dental instruments

FRANCE—Surgical, medical orthopedic and prosthetic appliances, implants, pacemakers, cardiac surgery apparatus, instruments; equipment for preservation of human organs and equipment used in human transplant operations. Simmho (factory agent), Rue de Guebwiller, 67 Strasbourg-Neudorf. WTD 6/68.

386 Photographic equipment

ITALY—Electrostatic photocopying machines for documents. Rigoli-F.I.M.E. (manufacturer, distributor), Via Riva di Trento 24, 20139 Milano. WTD 4/68.

394 Toys, amusement, sporting goods

GERMANY—Sporting, athletic goods of all types (except basketballs, basketball shoes). Exclusive representation. Requests c.i.f. prices. Montana-Sport GmbH (importer, distributor, agent), 8016 Feldkirchen bei Muenchen, Mondstrasse 2-4. WTD 6/68.

NETHERLANDS—Fishing tackle, complete line, accessories. Exclusive distributorship. Frens Handelmaatschappij N.V. (importing distributor), 120 Kanaal Zuid, Apeldoorn. WTD 6/68.

Choice of language

Some people—about seven-eighths of them—just do not understand English.

So when you answer an advertiser in these pages who requests replies in his own language oblige him *and* yourself.

Ask the Department of Commerce Field Office for advice.

Leads for Importers

Commodities are offered direct unless specified

202 Dairy products

FRANCE—Lactic casein (packed in 50-kilo bags), suitable for utilization by plastic, paper, chemical, other industries. Soluble granulated milk (Prolait Flash-Milk), packed in 15-kilo. waterproof paper bags. Wholesale exportation, direct or through sales agents. Prolait (producers, exporters), 11 Rue d'Inkermann; B.P. 37; 79- Niort. Deux-Sevres. WTD 6/68.

203 Canning, preserving foods

MALAYSIA—Chili and soya sauces. Direct sale or through agency. Chop Chye Seng (manufacturer, retailer, wholesaler), 3145 Bagan Dalam Road, Butterworth, Province Wellesley. WTD 6/68.

208 Beverage industries

FRANCE—Wine-clarifiers, other oenological products; flavoring extracts and concentrates; beverage flavors and colors, related lines, including sirups. Descriptive leaflets in French available on loan from Trade Opportunities Staff, BDSA-618, Rm. 4059, U.S. Dept. of Commerce, Washington, D.C. 20230. Durban (Anciens Etablissements A.) (producer, wholesaler), 24- Saint-Martial d'Albarede, Dordogne. WTD 6/68. (Address correspondence: c/o Mr. Gaston Descombes).

302 Rubber footwear

FRANCE—Rubber and PVC footwear for men, women, including molded boots, ankle-boots; safety bootees, half-boots, ankle-boots; related articles such as footwear for sports, farm work. Wholesale exportation, direct or through agents. Illustrated brochure in French available on loan from Trade Opportunities Staff, BDSA-618, Rm. 4059, U.S. Dept. of Commerce, Washington, D.C. 20230. Baudou (manufacturer, exporter), 33 Les Eglisottes, Gironde. WTD in preparation.

509 Wholesalers

AFGHANISTAN—Poppy seeds packed in 70-Kg jute bags. Sher Mohammed Shujazadeh (importer, wholesaler), Room No. 43, Pashtoon Market, Kabul. WTD 5/68.

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

Visiting Buyers and Officials

Scheduled arrival dates and U.S. addresses indicated

AUSTRALIA—C. R. Bethune, Managing Director, Tamco Pty. Ltd., 83 Lexton Road, Box Hill, Victoria 3128, **interested in securing representation on West Coast to handle inquiries for the firm's custom moldings of engineered type plastics, all types of thermo plastics injection moldings where high quality is required.** July 16 via Seattle for approx. six weeks. c/o Australian Consulate General, 350 Post St., Union Sq., San Francisco, Calif. 94118; Australian Trade Commissioner, Suite 2208, 3600 Wilshire Blvd., Los Angeles, Calif.; Australian Consulate General, 636 5th Ave., New York, N.Y. 10020.
Itinerary: 7/16 Seattle, 7/18-22 San Francisco, 7/23-31 Los Angeles, 8/1-2 Dallas, 8/3-6 St. Louis, 8/7-9 Minneapolis, 8/10-14 Detroit, 8/15-23 New York. WTD in preparation.

Maxwell Inglis, Inglis Premiums Pty. Ltd., 20 Hutchinson St., Surry Hills, N.S.W., **interested in all items suitabe as premiums either self liquidators, on pack and in pack items, gift advertising items.** July 14 via New York until 7/26. Itinerary: 7/14-18 New York c/o Lexington Hotel, 7/19-23 Chicago c/o Palmer House Hotel, 7/23-25 Minneapolis, 7/25-26 San Francisco. WTD 5/68.

ETHIOPIA—Mekuria Worku, General Manager, Ethiopian Consultants & Trading Co. Pvt. Ltd., P.O. Box 669, Addis Ababa, **interested in meeting suppliers of cosmetics, pharmaceuticals, general merchandise.** June 29 via New York for 3-4 weeks. c/o Ethiopian Embassy, 2134 Kalorama Road, N.W., Washington, D.C. 20008. Itinerary: New York, Washington, Winston-Salem, Los Angeles, Chicago. WTD 5/68.

FRANCE—Robert Derisbourg, Dir., and Pierre Guinamard, Chief, Research Dept., Caravanes Sterckeman, 211 Rue Maurice Bouchery, 59-Seclin, Nord, **interested in visiting U.S. factories producing camping and house trailers and requesting technical information.** July 22 via New York for two weeks. c/o Consulate General of France, 934 5th Ave., New York, N.Y. 10021. Itinerary: New York, nearby cities as required. WTD 6/68.

GERMANY—Dr. Paul Weber and Dipl.-Ing. Wolfgang Fosshag, Polysius GmbH, 4723 Neubeckum, **interested in visiting U.S. manufacturers of plastics, plastic sheets, pipes, other plastic products.** July 15 via New York for three weeks. c/o The Society of the Plastics Industry, Inc., 250 Park Ave., New York, N.Y. 10017.
Itinerary: New York, Chicago, Pittsburgh, Denver, Los Angeles. WTD 6/68.

Martin G. Zollmann, representing his own firm, 637 Oberursel/Taunus, Freiheit 7, **interested in contacting U.S. manufacturers of varnishes, plastic-coated fabrics, do-it-yourself equipment to discuss representing such firms in Germany.** July 22 via New York for approx. four weeks. c/o Dept. of Commerce New York Field Office. Itinerary: New York, Washington, Cincinnati, Denver, Los Angeles, San Francisco, Chicago, New York. WTD in preparation.

GUATEMALA—Alfonso Chacon E., Cuentas S.A., 10a Calle 5-40, Zona 1, Guatemala City, **interested in metal silos and grain transportation trucks.** July 6 via New Orleans for two weeks. c/o Consulate General of Guatemala, Flood Bldg., Market St., San Francisco, Calif. and Consulate General of Guatemala, 412 W. 6th St., Room 1008, Los Angeles, Calif. Itinerary: New Orleans, San Francisco, possibly Chicago and Kansas City. WTD in preparation.

GUYANA—Dabidat Persaud, Toolsie Persaud Ltd., 1/4 & 10/12 Lombard St., Georgetown, **interested in observing logging and saw milling operations** and requesting technical information. July 9 via New York for 3-6 months. c/o The Manager Windsor Hotel, Avenue of the Americas at 58th St., New York, N.Y. 10019. Itinerary: New York, Oregon and Washington State. WTD 4/67.

ISRAEL—Israel Cipes, General Manager, Momen Co. Ltd., 12 Mikwe Israel St. or P.O. Box 968, Tel Aviv, **interested in direct purchase of desk-size office machines such as calculating,** data computing, printing, on a sole distributorship and agency basis. July 4 via New York for 4-7 weeks. c/o Mr. Cipes, Woodbridge Ave. B-8, Island Park, N.J. 08904. Itinerary: New Jersey area only. WTD 6/64 under revision.

LEBANON—Charles G. Gedeon, George Eid Gedeon & Sons, S.A.L., P.O. Box 246, Beirut, and Publitec, P.O. Box 5936, Beirut, **interested in locating U.S. distributor for publicatons such as Who's Who, dictionaries, commercial and financial directories.** July via New York for three weeks. c/o Donald D. Hotaling, International Publications Service, 303 Park Ave. S., New York, N.Y. 10010. Itinerary: New York, Washington, Boston, Chicago. WTD 5/68 on George Eid Gedeon & Sons S.A.L.

PHILIPPINES—Jose Yap Bioshe, General Manager, Walker Rubber Corp., Cebu City, **interested in importing textile machinery and requesting technical information on textile rotary printing and silk screen printing.** July 10 via New York for one week. c/o Dr. Simeon Carvajal, Bronx Lebanon Hospital Center, Concourse & Fulton Division, Bronx, N.Y. 10456. Itinerary: New York, San Francisco. WTD 5/65 under revision.

New Trade Lists

The Bureau of International Commerce has published the following Trade Lists of which mimeographed copies may be obtained by firms domiciled in the United States from BIC-924, U.S. Department of Commerce, Washington, D.C. 20230, or from Department of Commerce Field Offices. The price is $1 per list for each country. All are dated June.

American Firms, Subsidiaries and Affiliates —Hong Kong.
American Firms, Subsidiaries and Affiliates —Luxembourg.
Business Firms—Guadeloupe, Martinique and French Guiana.
Business Firms—Surinam.
Contractors—Kuwait.

Brazil plans expansion of electric utility firms; sealed bids requested

World Bank-IBRD to finance purchase of supplies for project

Sealed bids are requested by the Companhia Auxiliar de Empresas Eletricas Brasileira (CAEEB) at the office of its Coordinador de Compras, Avenida General Justo, 171-sobreloja, ZC-39, Rio de Janeior, GB, Brazil for the furnishing and delivery of demand meters, electrical testing instruments and equipment, and voltage regulators for the expansion of the subtransmission and distribution systems of four electric utility companies represented by CAEEB.

Bid No. 12—CAEEB Specifications Nos. BX-A-11577-R and BX-A-11573-R for the furnishing and delivery of **demand meters and electrical testing instruments and equipment.** Bid deadline 14:00 hours (local time) Aug. 9.

A bid guarantee of no less than 5% of the value of the proposed material up to a limit of NCr $60,000.00 (60,000 new cruzeiros) or the equivalent in foreign currency must accompany each bid.

Bid No. 13—CAEEB Specifications Nos. BX-A-11569-R, BX-A-11583-R, BX-A-11584-R and BX-A-11574-R for the furnishing and delivery of approximately **324 voltage regulators.** Bid deadline 14:00 hours (local time) Aug. 14.

A bid guarantee of no less than 5% of the value of the proposed material, up to a limit of NCr $145,000.00 (145,000 new cruzeiros) or the equivalent in foreign currency, must accompany each bid.

Bids are invited from suppliers in Switzerland and member countries of the International Bank for Reconstruction and Development (World Bank—IBRD), which will finance the purchase of the material referred to in the invitations.

Bids must be submitted strictly in accordance with the instructions and specifications prepared by CAEEB, and on the forms furnished by the same. These instructions, specifications and forms which comprise the bidding documents, will be available in both Portuguese and English and may be obtained at the above address no later than 30 days after the publication of the Invitation for Bids, upon request to the Coordenador de Compras, accompanied by a non-refundable payment of 30 new cruzeiros (U.S. $1 = 3.20 NCr) per set of documents in the two languages.

Lebanon requests bids to build irrigation canals and tunnels

The Ministry of Hydraulic Resources and Electricity, requests pre-qualification submission of proposals to execute and finance the construction of tunnels and diversion and irrigation canals for 4,000 hectares (9,984 acres) in the Kaa and Hermel plain. Bid deadline is July 31.

Prequalification submissions should be made to the Ministry of Hydraulic Resources and Electricity, Imm. Dayar, Boulevard Chiyah, Beirut, Lebanon.

New Books and Reports

***The Kennedy Round and You.* Published by Pan American World Airways. New York. 1968. 28pp. Free.**

Subtitled "How to get a head start on the growth opportunities to come," this booklet presents a summary of Kennedy Round reductions in three major trading areas and shows how they can benefit U.S. businessmen.

The book contains a schedule of the more important tariff cuts made by the European Economic Community, the U.K. and Japan. Commerce's Bureau of International Commerce assisted in the preparation of the tables. The items selected cover thousands of U.S. exports.

Write: Manager, Marketing Services, Pan American World Airways, Pan Am Building, New York, N.Y. 10017.

***Economic Survey of the Netherlands.* Published by the OECD. Paris. 1968. 52pp. 80 cents.**

This is the latest title in this series of economic studies for member countries of the Organization of Economic Cooperation and Development. The book contains information on demand and supply; internal and external equilibrium of the economy including the labor market, prices and incomes, and foreign trade and payments; economic policy; and prospects for the future.

A statistical annex contains information on the national product, prices and wages, money and banking, central government budgets, and merchandise trade.

Write: OECD Publications Center, Suite 1306, 1750 Pennsylvania Ave. N.W., Washington, D.C. 20006.

***Electronic Engineers Master. 1968-69.* Published by United Technical Publications. New York. 1968. 3176pp. $15.**

This eleventh annual volume consists of five sections. The first lists more than 3,000 products alphabetically. Similar products are grouped together, and there are hundreds of cross references. The second section lists 55 general product groupings. Within these are contained manufacturers' catalog pages.

The third section gives addresses and phone numbers of more than 6,000 manufacturers and their sales offices, listed alphabetically. The fourth section is a trade name directory, enabling the name of the manufacturer to be found when only the brand name or trademark is known.

The fifth section lists over 2,000 manufacturers' sales representatives, alphabetically and geographically.

Write: United Technical Publications, 645 Stewart Ave., Garden City, N.Y. 11530.

***Foreign Law Abbreviations: French.* By Adolf Sprudzs. Published by Oceana Publications, Inc. New York. 1968. 105pp. $7.50.**

A compilation of French abbreviations, this book includes the following categories of symbols and abbreviations: legal, commercial and related terms; French Law reviews and other subject-related periodicals, including selected foreign serial publications; names of French nationalized and other state enterprises, professional organizations, trade unions, political parties, social security agencies and others; French names of international organizations concerned with law and related matters; publications, terms and organizations of the French community.

Write: Oceana Publications, Inc., Dobbs Ferry, N.Y. 10522.

New Orleans consulates listed in directory

Forty-two countries with consular offices in New Orleans are listed in the *1968 New Orleans Consular Directory* compiled and published by International House.

The new directory features the national holidays for each country, a protocol listing, and information on each of the 42 consular offices in Louisiana and the 30 out-of-state offices. Information under each consulate listing includes address and telephone number, names of officials, office hours and the area over which the consul has jurisdiction for his country.

Official trade delegations are listed with similar information.

The directories, at $1 each, are available from International House, Office 406, New Orleans, La. 70130, Attn.: Miss Runge.

***Michigan International Business Directory, 1967-68.* Published by the Institute for International Commerce, University of Michigan. 1968. 284pp. $5.**

This Directory lists facts about Michigan products and companies in English, French, German, Japanese and Spanish. Three separate cross-listings are included: an alphabetical index of products, an alphabetical index of company names, and a listing of firms by products, which are listed by Standard Industrial Classification.

The Institute for International Commerce is a part of the Graduate School of Business Administration at the University of Michigan. This Directory was compiled to give worldwide distribution to a complete listing of Michigan exporters and the goods and services they offer.

Write: Bureau of Business Research, Graduate School of Business Administration, University of Michigan, Ann Arbor, Mich, 48104.

***Technology and Jobs: Automation in Perspective.* By A. J. Jaffe and Joseph Froomkin. Published by Frederick A. Praeger. New York. 1968. 284pp. $8.**

Changes in labor productivity in the United States are compared with developments in the rest of the world. The authors examine how Western European countries were able to experience higher rates of labor productivity than the United States during the 1950's without experiencing increased unemployment.

The authors consider the question of whether automation in the United States has been responsible for every rise in unemployment, as is often claimed by both labor and economic theorists. They discount this viewpoint, examining changes in employment during the past fifteen years due to such social determinants of the size and composition of the labor force as birth rates, educational levels and changing needs. They illustrate their discussion of labor-force growth, technological progress, and increases in labor productivity with informative charts and tables.

The final section of the book is devoted to a look toward the future.

Write: Frederick A. Praeger, Publishers, 111 Fourth Ave., New York, N.Y. 10003.

☆ U. S. GOVERNMENT PRINTING OFFICE 1968—341-993/1

Calendar *for international traders*

BOSTON—Aug. 1—Businessmen's Consultation, **Malcolm Thompson, Economic Officer, Istanbul.** Sponsor: Commerce Field Office.

BOSTON—Aug. 5-6—Businessmen's Consultation, **Jerome R. LaVallee, Commercial Attache, Brussels.** Sponsor: Commerce Field Office.

CHARLESTON, W. Va.—July 24—Documentation & Procedure Requirements for Exports, Federal Bldg., 10 a.m. Sponsors: Commerce Field Office, REEC, Chamber of Commerce, Small Business Admin.

CHICAGO—July 24—In-Office Meeting. Sponsor: Commerce Field Office.

CHICAGO—July 29—Businessmen's Consultation, **Emerson M. Brown, Economic Office, The Hague.** Sponsor: Commerce Field Office.

CINCINNATI—July 22—Businessmen's Consultation, **Dorothy M. Jester, Economic Officer, Mexico City.** Sponsor: Commerce Field Office.

CINCINNATI—Aug. 1—Businessmen's Consultation, **John N. Gatch, Jr., Deputy Chief of Mission, Kuwait.** Sponsor: Commerce Field Office.

CLEVELAND—July 24—International Trade Seminar on EFTA, Conference Room, Greater Cleveland Growth Assn, 10:30 a.m. Sponsors: Commerce Field Office, REEC, World Trade Assn.

DENVER—July 29—Businessmen's Consultation, **Dorothy M. Jester, Economic Officer, Mexico City.** Sponsor: Commerce Field Office.

DETROIT—July 23—Export Marketing Workshop, Commerce Field Office, 9:30 a.m. Sponsors: Commerce Field Office, REEC.

Commerce officials explain investment control program

Representatives of the Commerce Department's Office of Foreign Direct Investment (OFDI) will hold seven meetings around the country this month to outline the major features of the investment control regulations, discuss major policy issues and answer questions.

St. Louis, July 17—Auditorium, Federal Bldg., 9:30 a.m., Phillips Perera, Dir., Authorizations Division; OFDI.

Boston, July 24—State Street Bank Bldg., 225 Franklin St., 9:30 a.m., Donald Heatherington, Ass't Dir., OFDI.

Denver, July 24—Port Office Auditorium, 9 a.m., Don D. Cadle, Deputy Dir., OFDI.

Pittsburgh, July 25—Lawrence Hall, Point Park College, 1:30 p.m., Lionel R. Dyer, Deputy Dir., Authorizations Division; OFDI.

San Francisco, July 25—Wells Fargo Bank, 464 California St., 2 p.m., Cadle.

Los Angeles, July 26—Auditorium, Union Oil Center, 9 a.m.; Cadle.

Atlanta, July 30—Sparks Hall, Georgia State College, 9 a.m., Perera.

For further infromation, contact any Commerce Field Office.

DUBUQUE, Ia.—July 31—Export Workshop, Luncheon Meeting, Dodge House, 12 noon. Sponsors: Commerce Des Moines Field Office, REEC, Chamber of Commerce.

HUNTINGTON, W. Va.—Aug. 7—Documentation & Procedure Requirements for Exports, Conference Room, Greater Huntington Chamber of Commerce, 10 a.m. Sponsors: Commerce Charleston Field Office, REEC, Small Business Admin., Chamber of Commerce.

KANSAS CITY—July 25—Businessmen's Consultation, **Dorothy M. Jester, Economic Officer, Mexico City.** Sponsor: Commerce Field Office.

KANSAS CITY—July 25—In-Office Workshop for Exporters, Federal Office Bldg., 2-4 p.m. Sponsors: Commerce Field Office, REEC.

KANSAS CITY—Aug. 8—Export Documentation Workshop, Federal Office Bldg., 2 p.m. Sponsors: Commerce Field Office, REEC.

MINNEAPOLIS—July 25—Workshop on Marine Insurance on Export Cargo, Room B-29, Federal Courts Bldg., 9:30 a.m. Sponsors: Commerce Field Office, REEC.

MINNEAPOLIS—July 30—Workshop on Political & Commercial Credit Insurance on Export Sales, Room B-29, Federal Courts Bldg., 9:30 a.m. Sponsors: Commerce Field Office, REEC.

NEW YORK—July 29-30—Businessmen's Consultation, **Jerome R. LaVallee, Commercial Attache, Brussels.** Sponsor: Commerce Field Office.

PITTSBURGH—July 23—In-Office Export Workshop, Commerce Field Office, 2 p.m. Sponsors: Commerce Field Office, REEC.

SHENANDOAH, Ia.—July 23—Export Workshop, Tall Corn Motel, 3 p.m. Sponsors: Commerce Des Moines Field Office, REEC, Chamber of Commerce.

UNITED STATES
GOVERNMENT PRINTING OFF
DIVISION OF PUBLIC DOCUME
WASHINGTON, D.C. 2040

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